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Second survey of
employers' policies,
practices and preferences
relating to age, 2010

By Hilary Metcalf and Pamela Meadows

Second survey of employers' policies, practices and preferences relating to age, 2010

Hilary Metcalf with Pamela Meadows

A report of research carried out by the National Institute of Economic and Social Research (NIESR) in conjunction with the TNS-BMRB on behalf of the Department for Work and Pensions and the Department for Business, Innovation and Skills

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Glossary of terms

The following definitions are specific to this report and may differ from common useage.

Age discrimination is used in the report to describe policies and practices which take into account age (whether directly or indirectly). It is not used to imply that the policy or practice is unlawful.

Compulsory Retirement Age (CRA): the definition of a compulsory retirement age hinges on the employees' right to continue to be employed. Employers may have an age at which, unless the employer decides otherwise, employees have to retire whether the employee wishes to or not. This is the compulsory retirement age. The important point here is that employees no longer have the right to stay on: it is at management discretion. (Even if a large number of people are allowed to continue after this age, it is still the compulsory retirement age). This may also be referred to as mandatory retirement age.

Default Retirement Age (DRA): the Default Retirement Age was introduced in the Equality (Age) legislation in 2006 and set at 65. It has made employer mandatory retirement ages below 65 unlawful unless, in their particular case, an employer can justify a lower age. Employers do not have to use 65 as a cut-off; they can set a higher age or choose to have no compulsory retirement age at all. In addition, employees have the right, and a formal procedure, to request the opportunity to work beyond their employer's compulsory retirement age, which employers have an obligation to consider but do not need to give a reason for refusing the request. This is referred to as the 'Right to Request'.

Normal retirement age: the age (or age range) over which it is normal for people to retire. This may be determined by an employer's policy or may just be a cultural norm in an organisation or at national level. It is generally linked to employer pension arrangements or to the state pension age. It may or may not be the same as the compulsory retirement age. Some employees may continue to work beyond this age.

Normal Pension Age: the Normal Pension Age is the age used for planning purposes in an occupational pension scheme. It may be possible to draw a pension before this, or continue to accrue afterwards, but this age is used for planning, and may influence employers' perceptions of normal expected retirement age.

Right to Request: see Default Retirement Age (DRA)

State Pension Age: the age when people are eligible to receive their state pension and related state benefits.

Abbreviations

BERR Department for Business, Enterprise and Regulatory Reform (a forerunner of BIS)

BIS Department for Business, Innovation and Skills

DTI Department of Trade and Industry (a forerunner of BIS)

DWP Department of Work and Pensions

EE(A)R Employment Equality Age Regulations, 2006

DRA Default Retirement Age

Summary

The study (Chapter 1)

In October 2006, the Employment Equality (Age) Regulations 2006 (EE(A)R) came into force in the UK. These regulations made much unjustified age discrimination in employment and vocational training unlawful.

Prior to the implementation of the EE(A)R the Department of Work and Pensions and the Department of Trade and Industry (a forerunner of the Department for Business, Innovation and Skills) commissioned a study of employers' policies, practices and preferences which had an age dimension. This entailed a survey (SEPPP1)¹. This second survey (SEPPP2) aimed to:

- identify employers' current policies, practices and attitudes relating to age, particularly those covered by the EE(A)R;
- assess changes since the first survey (SEPPP1 in 2006);
- assess changes due to the Employment Equality (Age) Regulations 2006;
- provide evidence for the review of the Default Retirement Age (DRA).

In addition, the study aimed to identify:

- how well respondents believed they understood the EE(A)R and their perceived need for further information
- sources of information on employment legislation.

The study was based on a representative survey of 2205 establishments in Britain with at least five employees, conducted between October 2009 and January 2010. Respondents were the most senior person with an overview of human resource policies for the establishment. Data were normally collected on policies and practices for the whole establishment. However, where these were expected to be occupation-related, respondents were specifically asked either about Managers and senior officials (ten per cent of the sample) or their largest occupational group (90 per cent of the sample). Responses to these questions

¹ Metcalf, H. with Meadows, P. (2006) *Survey of employers' policies, practices and preferences relating to age*. DWP Research Report No 325/DTI Employment Relations Research Series No 49. London: DWP/DTI.

always refer to 'the largest occupational group' irrespective of which occupations were discussed.

The SEPPP2 questionnaire replicates some of SEPPP1. This is to enable comparability across years. However, certain questions were amended, in order to improve reliability, whilst others were dropped (in part because SEPPP1 had been designed prior to the EE(A)R being drawn up and not all issues were relevant to the EE(A)R) and others introduced. Changes between SEPPP1 and SEPPP2 discussed in the text are statistically significant. Where changes were *statistically* significant but not significant *in practice*, they are not discussed in the text.

Awareness and information (Chapter 2)

Two-thirds of respondents felt they understood the Employment Equality (Age) Regulations 2006 quite or very well. One third felt they needed to understand the legislation better.

Awareness was lowest amongst:

- smaller organisations;
- the private sector;
- Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport;
- owners.

The lack of perceived understanding amongst some groups was not reflected in which organisations felt they needed to know more: those who felt they did not understand the legislation at all well were no more likely than those who felt they had a better understanding to feel they needed to know more.

Thirty-two per cent of establishments (employing 55 per cent of the workforce) had changed policies or practices due to the EE(A)R. Changes were less common in:

- smaller organisations;
- the private sector;
- Construction.

The most widely used external sources of information on employment legislation were the government and other public sector sources, closely followed by general business sources, legal advisers and other professionals. However, the most external common sources for those who felt best informed about the EE(A)R were Legal advisers and the CIPD and human resource journals.

Equal Opportunities (Chapter 3)

- 77 per cent of establishments (covering 90 per cent of the workforce) had an Equal Opportunities policy and 67 per cent (covering 84 per cent of the workforce) had one which addressed age.
- 22 per cent of establishments (covering 34 per cent of the workforce) provided Equal Opportunities training covering age.
- 22 per cent of establishments (covering 46 per cent of the workforce) monitored the age profile of their workforce, but only three per cent of establishments had taken action as a result of their monitoring.

Equal Opportunities policies, policies covering age, training related to age and monitoring by age were least common in:

- smaller organisations, the private sector, Manufacturing, Transport, storage and communication.

In addition,

- equal opportunities policies covering age was also least common in Wholesale and retail and Hotels and restaurants;
- training related to age was also least common in Construction, and Other community, social and personal service activities; and
- monitoring by age was also least common in Construction.

Changes since 2006

There was an increase in the proportion of establishments having any sort of equal opportunities policy, and a substantial growth in equal opportunity policies addressing age since 2006. The latter was concentrated amongst larger establishments. This brings the coverage of age in equal opportunities policies close to that for other long-established strands (e.g. gender, ethnicity and disability or health).

The picture on whether age-explicit equal opportunities training have increased is mixed, but suggests that more employees may be receiving training.

There was a large fall in the percentage of establishments monitoring the age profile of their workforce, although the percentage of the workforce employed in establishments which monitor had not changed (i.e. more larger and fewer smaller establishments now monitor).

Recruitment (Chapter 4)

The study examined selected recruitment policies and practices which might result in discrimination. SEPPP1, which looked at a greater range of policies and practices, can be referred to for more details. As recruitment policies and practices vary across jobs, the data relate to the largest occupational group. All percentages are of the 88 per cent of establishments which had had experience of recruitment in the previous five years.

Recruitment process

In the recruitment process:

- two per cent of establishments normally included a preferred age range in their advertisements;
- 42 per cent sought information on age in the recruitment process; and
- 28 per cent made age information available to recruiters.

Age data were more often sought for manual staff and for less skilled staff, than for administrative, technical, professional and managerial.

The use of a preferred age range in advertisements is unlawful (unless the age is six months or less below the DRA, higher than the DRA or an objectively justified retirement age below the DRA). Although age may be discernible without explicit information being sought and provided to recruiters, the requests for age information and its provision to recruiters suggests, at best, a lack of action against age discrimination (through a lack of revision of documentation) and at worst, a belief that age matters. The potential for discrimination is illustrated by the finding that 23 percent of respondents thought that some jobs in their establishment were more suitable for certain ages than others (Chapter 9).

Maximum recruitment age

Fifteen per cent of establishments had a maximum recruitment age. For 11 per cent the maximum was 64.5 or older, for four per cent it was under 64.5. A maximum age of under 64.5 is unlawful unless this age is no more than six months younger than an objectively justified lower retirement age. Process, plant and machine operatives and drivers were more likely than other occupations to have a maximum recruitment age.

Employers with a normal retirement age were more likely to have a maximum recruitment age (28 per cent). The pattern of maxima suggests the continuing influence of retirement age on recruitment.

Age and age-related recruitment characteristics

Irrespective of having a maximum recruitment age, ten per cent of establishments said that age affected selection. This was more common for Process, plant and machine operatives and drivers; Skilled trades staff and Caring, leisure and personal service staff. Those disadvantaged were at the young end (under 22 and, especially under 18) and the older end (over 60 and, especially, over 65).

Other, potentially age-related criteria used included:

- expected length of service (48 per cent), judged by age by ten per cent and time to retirement by 16 per cent. The period considered was often less than one year, although 12 per cent required one to three years and seven per cent more than three years. Expected length of service disadvantages people close to retirement age and may disadvantage young workers, whose turnover tends to be high. Skilled trades staff was most affected.
- Disability or health was taken into consideration by one third of those recruiting. This raises potential disability discrimination, as well as age discrimination. This was higher than in 2006.

No employers reported taking the implications for the pension into account in their recruitment criteria. This may reflect the fact that many private sector employers have closed their defined benefit pension schemes to new entrants.

Age and starting salaries

Starting salaries were influenced by:

- age (other than young people's rates) for seven per cent of establishments, particularly for Skilled trades staff;
- age (young people's rates) for ten per cent of establishments, particularly for Sales and customer service staff;
- current salary for 43 per cent of establishments, particularly for non-manual jobs, especially for Managers and senior officials and Professionals.

Age, other than young people's rates as a criterion is unlawful, unless it can be shown to be a proportionate means to achieving a legitimate end. Young people's rates are lawful, so long as they conform to certain criteria. Current salary runs the risk of embodying previous age-related discrimination, where this has occurred.

Changes since 2006

The explicit use of age in the recruitment process has declined substantially since 2006: seeking age information has reduced from 72 per cent to 42 per cent (of those with recent recruitment experience) and recruiters seeing age data has fallen from 50 per cent to 28 per cent. The use of age in recruitment advertising has also fallen (from six per cent to two per cent of establishments).

These changes do not prevent age being used as a recruitment criterion, but they may indicate a change in approach to age, or recognition that it is not a lawful criterion other than in some specific circumstances (e.g. those involving the sale of alcohol).

However, there had been few changes in the use of age and expected length of service as a selection criterion. There was a small decline in the proportion of establishments wanting three years' service or more from new recruits and a small decline in the use of time to retirement as a method of judging potential length of service. The use of disability and health as a selection criterion has grown substantially, raising potential disability discrimination, as well as age discrimination issues.

Little change was identified in the use of age or other age-related criteria in setting starting salaries.

Pay (Section 5.2)

The survey examined age-related and potentially age-related pay criteria and the use of incremental pay scales, performance pay and youth rates. Whilst the systems examined are not innately discriminatory, the criteria used may be discriminatory or the system may affect the likelihood of discrimination (e.g. allowing greater discretion). Apart from systems or criteria directly linking age and pay, it is not possible from the survey to determine whether an approach is discriminatory. Instead, we can point to practices which might be discriminatory.

The payment systems and criteria relate to the establishment's largest occupational group, as payment systems and criteria are likely to differ across occupations within establishments.

In one third of establishments all employees in the largest occupational group were paid the same, leaving no scope for pay discrimination within this occupation.

Incremental pay scales were used by 22 per cent of establishments for the largest occupational group, particularly for Professionals and Associate professional and technical staff. The basis for increments included:

- merit (16 per cent), particularly for Professionals and Associate professional and technical staff;
- length of service (11 per cent), mainly used for Professionals; five per cent normally extended beyond five years, which is unlawful, unless there is a reasonable business need;
- age (one per cent) which is unlawful, unless connected to young people's rates or proven to be a proportionate means of achieving a legitimate aim.

Merit or performance pay was used by 45 per cent of establishments for the largest occupational group, particularly for Professionals and Associate professional and technical staff. At least 75 per cent of these used formal appraisal to assess pay, reducing the scope for discrimination.

Young people's rates were used by ten per cent of establishments for the largest occupational group. Young people's rates are lawful under the EE(A)R, so long as they match the National Minimum Wage (NMW) age bands or are proven to be a proportionate means of achieving a legitimate aim. Nearly all young people's rates applied to employees aged under 22, with maximum youth rates most common at age 18 and age 21. Five per cent had a maxima age which did not conform to the NMW age bands and therefore need to be proven to be a proportionate means of achieving a legitimate aim. Minimum ages tended to be below 18. Youth rates were most often used for Skilled trades staff.

Potentially problematic pay criteria included:

- age other than youth rates (one per cent);
- length of service (28 per cent), particularly for Professionals and Associate professional and technical staff;
- likelihood of leaving (four per cent).

Changes since 2006

There have been changes in pay structures, processes and criteria since 2006.

The use of incremental pay scales has declined, from 36 per cent to 22 per cent of establishments. The use of increments based on length of service criteria has fallen to a greater extent (from 21 per cent to 11 per cent of establishments), but, importantly, not for length of service above five years.

The use of formal appraisal for pay for those receiving performance or merit pay has increased suggesting that the process has become more objective and so the scope for discrimination should have reduced.

The use of likelihood of leaving as a criterion for setting pay has fallen from 16 per cent to four per cent of establishments. The use of age (other than youth rates) has fallen from five per cent of establishments to only one per cent.

Pensions (Section 5.3)

The survey focussed on occupational pension schemes where the employer contractually accepts the obligation to make contributions to a fund as part of the employee's remuneration package. This was because these schemes are more likely to link to employers' normal and compulsory retirement, through restrictions on accrual and age of starting to draw a pension.

Sixty-six per cent of establishments had a pension scheme, to which the employer contributed, with 85 per cent of employees working in such establishments.

Twenty-seven per cent of establishments (covering 42 per cent of the workforce) had an occupational pension scheme.

- final salary (12 per cent of establishments, with 29 per cent of the workforce in these establishments);

- not final salary (15 per cent of establishments, with 17 per cent of the workforce in these establishments).

Occupational pensions and final salary schemes were more common in larger establishments and organisations, the public sector and in Public administration and defence and Education. Occupational schemes were least available in Construction, Manufacturing and Real estate, renting and business activities.

Most occupational schemes gave some flexibility over the age at which the pension was drawn.

- 30 per cent had an age range over which the pension could start to be drawn (eight per cent of all establishments, covering 20 per cent of the workforce);
- 29 per cent had no maximum age at which the pension could start to be drawn (eight per cent of all establishments, covering seven per cent of the workforce);
- 28 per cent had a single age at which the pension could start to be drawn (eight per cent of all establishments, covering 15 per cent of the workforce).

Amongst those with occupational schemes, age ranges were more common in larger organisations and the public sector; open-ended arrangements were more common amongst small organisations and the private sector; single ages were more common amongst small organisations. Those with a compulsory retirement age were more likely to have a single age or an age range.

The youngest age at which occupational pensions could normally be drawn was most often 55 or 60, although some did allow pensions to be drawn before age 55 (normally from 50), whilst some restricted access until age 65. It was more often below 65 for larger organisations and the public sector.

Changes since 2006

There had been little change in the percentage of establishments providing pension schemes since 2006. Comparison of occupational and final salary schemes was not possible due to differences in data collected between the two surveys.

Sick pay and other benefits (Section 5.4)

Sixty-six per cent of establishments had sick pay in excess of statutory requirements, normally for all staff, resulting in 62 per cent of employees entitled to sick pay in excess of statutory requirements, with a further 19 per cent working in establishments where at least some employees were entitled to this. Sick pay above statutory requirements was less common in small organisations, the private sector and Construction and Manufacturing.

Age rarely affected eligibility for sick pay in excess of statutory requirements, with only one per cent of establishments (employing one per cent of the workforce) having a maximum age for sick pay in excess of statutory requirements. The maximum age was under 65 for half of these establishments.

Age was rarely used as a criterion for eligibility for any other benefit: one per cent of establishments had a minimum age for some benefits (for health insurance, life insurance and loyalty awards/bonuses) and two per cent had a maximum age (for health insurance and life insurance).

Other benefits were more often affected by length of service than age. The survey focussed on length of service longer than five years, as this is unlawful under the EE(A)R unless there is a reasonable business need.

- annual leave (27 per cent of establishments, covering 38 per cent of the workforce); this grew with organisational size and was much more common in the public sector and was most common in Public administration and defence;
- other benefits (mainly exclusions or restrictions on sickness benefits, health insurances/health care, loyalty awards and bonuses) (six per cent of establishments, employing 12 per cent of the workforce).

Changes since 2006

The costs of sick pay have been cited as a reason to not employ older people and a potential cost to employers if the DRA was raised or removed. Therefore, a decline in the provision of sick pay above statutory requirements might be expected due to the EE(A)R itself or due to anticipation of changes to the DRA.

There appears to have been a slight shift in provision since 2006, with fewer providing sick pay above statutory minimum to all staff and more providing it for some staff. Whether this results in fewer eligible staff is unclear, as it depends on the per cent eligible when it is not an entitlement for all. There was a fall in the proportion of establishments with a maximum age for additional sick pay from six per cent in SEPPP1 to only one per cent in SEPPP2. In addition, changes reportedly made to sick pay in excess of statutory requirements due to the EE(A)R were

- two per cent (covering one per cent of employees) stopping providing sick pay in excess of statutory requirements;
- two per cent (covering three per cent of employees) changing eligibility rules (including introducing a maximum age, changing the maximum age, increasing length of service requirements and reducing length of service requirements).

Changes to other benefits could not be assessed due either to changes in the questionnaire or due to the very low incidence of the practice in 2006.

Performance appraisal (Section 6.2)

Performance appraisal systems are important safeguards against age discrimination for the range of selection decisions which are (or purport to be) based on performance or competence.

- 79 per cent of establishments (employing 89 per cent of the workforce) conducted performance appraisals and these normally covered all staff.

The use of appraisals increased with organisational and establishment size. Use was lower in the private sector. Manufacturing and Construction and Hotels had the lowest incidence of appraisal. Establishments with compulsory retirement (for at least some employees) were more likely to have performance appraisal.

Changes since 2006

There has been some growth in the use of performance appraisal, both in terms of establishments using it and coverage of staff since 2006. Moreover, five per cent of establishments had introduced or made changes to their performance appraisal due to the EE(A)R: one per cent each had introduced or extended performance appraisal, whilst three per cent had made other changes (changes to meet legal requirements, removing age, linking to pay, more formalised, more detailed and updated).

Training (Section 6.3)

Training was examined for the largest occupational group, as training criteria was likely to vary with occupation. Eighty per cent of establishments supported off-the-job training for employees in their largest occupational group.

The survey examined three criteria for selection for training which are either directly or potentially indirectly discriminatory:

- potential length of service (seven per cent of establishments);
- period to retirement (five per cent of establishments);
- age (three per cent of establishments);
- any of the above (nine per cent).

Age and time before retirement were not always stated as criteria for training, but were stated as means of judging potential length of service.

When potential length of service was a criterion and was not judged in relation to retirement, the length of service required tended to be short: most often a matter of months and rarely more than two years. When the period prior to retirement was a consideration longer periods were required, with access to training affected in a small percentage of establishments (one per cent) by periods of four years or more.

Changes since 2006

The use of time until retirement as a criterion for selection for training fell between 2006 and 2009 from eight per cent to five per cent of establishments.

Promotion (Section 6.4)

Sixty-seven per cent of establishments had promoted in the previous five years, but only half of these had had a formal assessment procedure for promotion.

Only the use of age was examined. Three per cent of those promoting had used age as a criterion. The Employment Equality (Age) Regulations 2006 allow this only in rare circumstances.

Less than one per cent gave a reason for using age as a promotion criterion. Reasons for not wanting younger workers were '*older people have the right skills, approach or energy*', '*experience is important*', '*legal requirements*', '*younger people can't supervise/manage people older than themselves*' and '*younger people are unlikely to be able to do the job*'. Preferences for younger people were explained by '*younger people have the right skills, approach or energy*' and '*too close to retirement*'.

Changes since 2006

The percentages using potentially discriminatory practices in promotion identified in 2006 were too small to allow analysis of change.

Redundancy (Chapter 7)

The EE(A)R makes age and most age-related criteria for redundancy selection unlawful, unless they are proven to be a proportionate means of achieving a legitimate aim. The regulations do however make special provision for enhanced redundancy payments, without the need to show objective justification, so long as the enhanced scheme closely mirrors the age bands of the statutory redundancy payment scheme (DTI 2005 and 2006). The use of length of service criteria is lawful for up to five years or, where it relates to service longer than five years, it reasonably appears to the employer to satisfy a business need.

To improve reliability, only employers who had had redundancies in the previous five years or had relevant policies were asked about their redundancy policies and practices. This applied to 51 per cent of establishments (employing 71 per cent of the workforce) for compulsory redundancies and 45 per cent of establishments (employing 64 per cent of the workforce) for voluntary redundancies. All percentages relate to this subset.

Compulsory redundancy

For compulsory redundancies, selection criteria included:

- age (four per cent, two per cent of employees);
- length of service (42 per cent, 36 per cent of employees), particularly small and medium-sized organisations, the private sector and Manufacturing and Transport, storage and communication;
- sickness/absence records (44 per cent, 52 per cent of employees), particularly in organisations with 50-999 employees, the private

sector and Manufacturing, Wholesale and retail and Transport, storage and communication;

- competence (60 per cent, 65 per cent of employees).

Forty per cent of establishments (employing 51 per cent of the workforce) enhanced compulsory redundancy payments. Factors affecting enhancements included:

- length of service (31 per cent of establishments);
- age (eight per cent of establishments, employing 18 per cent of the workforce) employees; most increased enhancements with age, although some reduced payments as employees approached retirement.

Voluntary redundancy

For voluntary redundancies, two per cent of establishments used age as an eligibility criterion. In nearly all cases eligibility was restricted to employees aged 50 or more (or higher).

Thirty-two per cent of establishments enhanced payments for voluntary redundancy. These tended to be larger establishments and 46 per cent of employees worked in establishments making enhancements. Enhancement has fallen since 2006, from 42 per cent of establishments (with recent redundancy or with selection criteria), covering 55 per cent of employees.

Changes since 2006

Compulsory redundancy selection criteria had changed little since 2006 with two important exceptions:

- age has declined in use (eleven per cent to four per cent of establishments in 2006 and 2010 respectively);
- length of service has declined in use (41 per cent to 32 per cent of establishments in 2006 and 2010 respectively) (covering 43 per cent to 24 per cent of the workforce respectively).

The use of age as a criterion for enhancing compulsory redundancy payments has fallen since 2006, from 16 per cent of establishments (with recent redundancy or with selection criteria) to eight per cent. However, the fall is disproportionately in smaller establishments, with the percentage of employees working in establishments with this criterion falling far less (from 22 per cent to 18 per cent).

Enhancement of voluntary redundancy payments has fallen since 2006, from 42 per cent of establishments (covering 55 per cent of employees) to 32 per cent of establishments (covering 46 per cent of employees).

Retirement (Chapter 8)

1.1.1 Formal retirement policy (Section 8.2)

The majority of establishments operated without a formal retirement policy. Forty per cent of establishments (employing 61 per cent of the workforce) had a formal retirement policy. This grew with organisational size. It was lowest in the private sector and in Manufacturing, Hotels and restaurants, Transport, storage and communication and Real estate, renting and business activities, and, particularly, in Construction.

1.1.2 Normal retirement age (Section 8.3)

Irrespective of a formal policy, employers may have a normal retirement age, i.e. an age or an age range at which some employees were normally expected to retire (whether or not this was compulsory):

- 49 per cent of establishments (employing 34 per cent of the workforce) did not have a normal retirement age for any staff ;
- 43 per cent of establishments (employing 63 per cent of the workforce) had a normal retirement age for some staff;
 - 36 per cent of establishments (employing 50 per cent of the workforce) had a single normal retirement age;
 - 14 per cent of establishments (employing 22 per cent of the workforce) had a normal age range;
 - this included seven per cent with both.
- six per cent of establishments (employing two per cent of the workforce) had never had anyone retire (and so did not know).

The normal retirement age (or maximum for those with a range) was generally at 65 (40 per cent of establishments, employing 54 per cent of the workforce). For those with a single age, most other retirement was at 60. For those with a range, three per cent had a minimum retirement age below 65 and two per cent had a normal maximum age above 65. Having a normal retirement age below the DRA is legitimate, so long as there is no pressure to leave prior to the DRA.

Having a normal retirement age generally increased with organisational size and was least common in the private sector and in Hotels and restaurants and Construction. Having a single age for normal retirement was most common for organisations with 250-999 employees, for the public and voluntary sectors and Public administration and defence, Education and Manufacturing. The use of an age range for normal retirement increased with organisational size, was least common in the private and voluntary sectors and was least common in Real estate, renting and business activities, Manufacturing and Construction.

1.1.3 Compulsory retirement (Section 8.4)

Compulsory retirement was identified as the age at which employees had to retire unless management decided otherwise, i.e. the employee did not have the choice to remain unless granted by the employer.

- 32 per cent of establishments (employing 45 per cent of the workforce) had compulsory retirement for some (or all) employees,
- 62 per cent of establishments (employing 52 per cent of the workforce) did not have compulsory retirement for any employees.

This indicates that the majority of employers (employing around half of the workforce) already operate without a compulsory retirement age, although, of course, the DRA would be available to these employers.

- nearly all compulsory retirement was at 65 (25 per cent of establishments, covering 34 per cent of the workforce);
- two per cent had a younger compulsory age, which would be unlawful, unless it was objectively justified;
- two per cent of establishments (employing seven per cent of the workforce) had a higher compulsory age, mainly 70 or 75.

Compulsory retirement grew with organisational size, was most common in the Public sector and in Education, Public administration and defence, Health and social work, financial intermediation and Manufacturing. However, the majority of establishments across all size bands, sectors and industries did not have compulsory retirement.

Only 14 per cent (covering 21 per cent of employees) saw being able to compulsorily retire employees as very important, whilst 39 per cent (covering 47 per cent of employees) saw it as quite or very important. Those with compulsory retirement were much more likely than those without to see being able to compulsorily retire employees as important (24 per cent very important and a further 34 per cent quite important).

The Public sector put slightly more emphasis than other sectors on being able to compulsorily retire employees. There was little difference in perceived importance by organisation size, except that the smallest organisations seemed to see it as less important. There was also little difference in perceived importance by industry, except that construction and hotels and restaurants saw it as less important, and public administration and defence and health and social work saw it as more important.

Those with compulsory retirement (for at least some employees) were asked why they had compulsory retirement. Only half (51 per cent of those with compulsory retirement or 16 per cent of all establishments) were able to give a reason (other than it being historical):

- business reasons (31 per cent of those with compulsory retirement, equivalent to ten per cent of all establishments, employing 17 per cent of the workforce), with manpower planning the most common;
- legal requirements (28 per cent of those with compulsory retirement, equivalent to nine per cent of all establishments, employing 11 per cent of the workforce)

- easier, kinder to or better for older employees (11 per cent of those with compulsory retirement, equivalent to three per cent of all establishments, employing five per cent of the workforce)

Those who saw compulsory retirement as important were more likely to give a reason (other than historical) for having compulsory retirement (57 per cent of establishments with compulsory retirement). However, this means that 43 per cent of those who said being able to compulsorily retire was important were unable to give a reason for having compulsory retirement.

1.1.4 The Default Retirement Age (DRA) procedure (Section 8.4.5)

Under the Default Retirement Age, employers wishing to retire an employee must follow statutory procedures. Employers must give notice of retirement at least six months before the retirement date. Employees may request to work beyond their retirement date. Such requests must be considered but employers may refuse this request without reason.

Given the DRA is 65, for most employees the earliest age at which the DRA procedures may be invoked is 64 years and six months. Employers were asked if they had employed anyone of this age and over since the DRA came into effect (October 2006) and, if so, their use of the procedures.

Thirty-five per cent of establishments (employing 59 per cent of the workforce) had employed someone aged 64 years and six months. Of these:

- 47 per cent had retired or tried to retire someone (16 per cent of all establishments, employing 40 per cent of the workforce);
- 37 per cent had used the DRA procedure (13 per cent of all establishments, employing 36 per cent of the workforce);
- 58 per cent had received a right to request (24 per cent of all establishments, employing 51 per cent of the workforce). Of these:
 - 83 per cent had granted all requests (20 per cent of all establishments);
 - 13 per cent had granted some (three per cent of all establishments);
 - three per cent had refused all requests (one per cent of all establishments).

These figures do not indicate the extent to which employers needed the DRA in order to retire employees, as the figures will include some employees choosing to retire.

Usage of the DRA to retire employees was highest amongst organisations with 250-999 employees and in Public administration and defence and Transport, storage and communications. It was very low in Hotels and restaurants. Taking into account whether the organisation employed someone of the relevant age, usage was high in the Public sector, Public administration and defence, Education and Construction and low in Hotels and restaurants and in small organisations.

Establishments with compulsory retirement were more likely to have retired or sought to retire than those without (62 per cent and 38 per cent respectively) and to have used the DRA procedure to retire employees (55 per cent and 26 per cent respectively).

More establishments in organisations with 250-999 employees had had a right to request. Requests were high in public administration and defence and in education, health and social work, transport, storage and communications and low in financial intermediation. Considering only those with employees in the relevant age group, DRA requests grew with organisational size. Requests were highest in the public sector and lowest in the private sector. They were high in public administration and defence, education and health and social work and low in financial intermediation.

1.1.5 Changes since 2006

The retirement policies and practices explored and the way they were measured differed substantially between SEPPP1 and SEPPP2. Therefore, comparisons between the two surveys are limited. However employers were also asked about changes they had made to retirement due to the EE(A)R.

Comparison with SEPPP1 suggests a decline in the proportion of establishments with a compulsory retirement age from 43 per cent to 38 per cent. There was also a fall in the proportion of employees working in establishments with any compulsory retirement from 50 per cent to 45 per cent. The age of compulsion appears to have risen slightly. The proportion of establishments and employees with a compulsory retirement age below 65 has fallen to two per cent from six per cent of establishments and eight per cent of employees. However, these measured changes may be due to differences in questionnaire wording between the two surveys.

Due to the EE(A)R:

- 12 per cent of establishments (employing 28 per cent of the workforce) said they had changed their retirement policy:
 - four per cent (covering ten per cent of employees) had introduced more flexibility over retirement, including allowing employees to work beyond the retirement age;
 - other changes included introducing or getting rid of a formal retirement policy, changing the retirement age (normal or compulsory), clarifying the policy and documentation and changing retirement procedures.
- six per cent of establishments (employing 11 per cent of the workforce) said they had changed their compulsory retirement:
 - one per cent (employing one per cent of the workforce) introduced compulsory retirement;
 - one per cent (employing four per cent of the workforce) abolished compulsory retirement;

- four per cent (employing seven per cent of the workforce) changed the compulsory retirement age.

Moreover, 23 per cent of those with compulsory retirement (seven per cent of all establishments, employing ten per cent of the workforce) mentioned the EE(A)R as why compulsory retirement was important.

Reported changes to retirement policy due to the EE(A)R had been more common in larger organisations, the public sector and the voluntary sector) and in Public administration and defence, Education and Health and social work, but differed little across other industries.

Other characteristics varying with changes in retirement policy due to the EE(A)R included:

- more of those with a recognised Trade Union had made changes (23 per cent compared with eight per cent of others);
- more of those with a Head office in the UK (but with establishments abroad) or elsewhere in Europe had made changes (22 per cent and 18 per cent respectively);
- those with compulsory retirement were more likely to have made changes (18 per cent compared to ten per cent of those without);
- more establishments with an equal opportunities policy which addressed age had made changes (17 per cent), compared with two per cent of others;
- establishments which employed someone over state pension age were more likely to have made changes.

Employer attitudes (Chapter 9)

The study focussed on employers' policies and practices. However, age discrimination also stems from individual attitudes. The study investigated attitudes through respondents' views about the suitability of jobs for different age groups. Many of the respondents were important influencers of practice (and policy) in their establishments and so their attitudes may have a disproportionate bearing on age discrimination in their establishment.

Twenty-three per cent believed some jobs in their establishment were more suitable for certain ages than others:

- 12 per cent believed this of managerial jobs;
- 14 per cent believed this of other jobs.

Eight per cent believed that jobs in their largest occupational group were more suitable for certain ages than others. Although all age bands were identified by some respondents as most suitable, for most of these jobs, there was a tendency to favour prime age workers (25-49 years old). The exceptions were skilled trades (favouring 25 to 39 year olds) and managers and senior officials where only under 25s (and not over 50s) were disadvantaged.

There had been no change in the extent to which respondents saw age as affecting suitability.

Conclusions (Chapter 10)

Age and age-related policies and practices (Sections 10.2 and 10.4)

Age (including time to retirement), length of service and other age-related factors (expected length of service, disability and health and sickness and absence records) continue to affect human resource policies and practices. These are more common in recruitment, compulsory redundancy, leave entitlement and the ability to accrue pensions above a certain age. Pay is affected (probably mainly lawfully) through the use of young people's rates, but, there is a substantial use of criteria and systems which may allow or embed age discrimination. Those most likely to suffer discrimination in employment were young people and older people. At the same time, many establishments could improve in the policies and practices which guard against age discrimination (i.e. equal opportunities policies and practices and formal performance appraisal).

The evidence points to little change in most age-related policies and practices since the EE(A)R. The main exceptions were in redundancy, with an apparent decline in age-related criteria for selection and pay enhancements and a slight decline in the use of compulsory retirement. In addition, there seems to have been a reduction in the use of performance pay without formal performance appraisal, thus reducing the scope for age discrimination. There has been a growth in the incidence of policies and practices which guard against age discrimination, in particular, the incidence of equal opportunities policies which explicitly cover age is now similar to that for other long-established equality strands and the use of formal performance appraisal has grown. Less encouragingly, the percentage of establishments monitoring the age profile of their workforce has fallen from 32 per cent to 22 per cent. However, this has not affected the percentage of the workforce in establishments which monitor (around 47 per cent).

These changes do not appear to have affected the extent to which employers age stereotype jobs.

Compulsory retirement and the DRA (Sections 8.4 and 10.3)

Compulsory retirement affects older employees not just because they may be retired against their wishes, but also because it may affect employers' expectations about employees prior to retirement. The survey showed effects on recruitment (e.g. maximum recruitment ages and selection affected by time to retirement) and training (selection affected by time to retirement), with some employers unwilling to hire, train or promote employees as they near retirement. Whilst a normal retirement age can provide business rationales for this behaviour, compulsory retirement makes this age absolute and so is likely to reinforce to a greater extent the lack of opportunities to those approaching retirement.

The pattern of usage of compulsory retirement, the importance attached to being able to compulsorily retire and the reasons for having compulsory retirement suggests abolishing the DRA would make much difference (i.e. it would remove a practice that the employer uses, values and affects their business) to a maximum of 20 per cent of establishments (covering 24 per cent of the workforce). It should be stressed that this is an estimated maximum and the actual percentage is likely to be lower. Raising the DRA would affect fewer. This does not mean that other employers would not be affected at all, in that they may need (or feel the need) to introduce performance management policies and make other changes to adapt to an ageing workforce.

Improving awareness (Section 10.5)

In respect of the EE(A)R, the organisations which may need targeting to improve (i.e. those with more age-related policies and practices and with least awareness of the EE(A)R) are:

- small organisations;
- the private sector;
- Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport, storage and communication; and
- small owner-managed organisations.

In addition, the use of annual leave based on length of service beyond five years might need examination and this is an issue more often an issue for the public sector and for larger organisations.

Changing the DRA will more often affect larger organisations and the public sector. Given their greater human resource sophistication, it may not be necessary to target these to help them change their policies and practices. Those needing more help are more likely to be the same as those needing to understand the EE(A)R better.

1 Introduction

1.1 Background

Following the European Employment Directive, the Employment Equality (Age) Regulations 2006 outlawing age discrimination in employment and vocational training came into force in the UK in October 2006. These regulations made much unjustified age discrimination in employment and vocational training unlawful.

Prior to the legislation there was much debate about whether the EE(A)R should permit compulsory retirement. The EE(A)R established a Default Retirement Age, an age at which employers were permitted to retire an employee, so long as the employer followed set procedures, whether the individual wished to take retirement or not. At the same time the EE(A)R stated that employees had the right to request to work beyond the DRA, although employers could refuse the request at will and without providing reasons. The DRA was set at 65, although a younger age could be used if this could be objectively justified. At the time it was announced that the DRA would be reviewed in 2011 (since brought forward to 2010) and this study forms one part of a programme of research to help inform that review².

In 2005³ and in 2009 the Department of Work and Pensions (DWP) and the Department for Business, Innovation and Skills (BIS) commissioned surveys of employers' policies and practices with an age dimension (SEPPP1 and SEPPP2 respectively). They were intended to enable evaluation of age legislation and inform the review of the DRA, as well as inform policy development more generally. Comparison of the two enables change since 2006 to be measured.

2 The four other DRA studies, due to be published in the DWP Research Report Series in 2010, are:

1. Thomas A and Pascall-Calitz J (2010) Default Retirement Age - Employers Qualitative Research , DWP Research Report No 672, London: Department for Work and Pensions
2. Wood A, Robertson M, and Wintergill D (2010) A comparative review of International approaches to Mandatory retirement, DWP Research Report No.674, London: Department for Work and Pensions
3. Sykes W, Coleman N and Groom C (2010) Review of the Default Retirement Age: Summary and Evaluation of the External Evidence. Independent Social Research, DWP Research Report No 675, London: Department for Work and Pensions
4. Morrell G, and Tennant R (2010) Employer Practices and Retirement Decision Making, DWP Research Report No.673, London: Department for Work and Pensions

³ Metcalf, H. with Meadows, P. (2006) *Survey of employers' policies, practices and preferences relating to age*. DWP Research Report No 325/DTI Employment Relations Research Series No 49. London: DWP/DTI.

1.2 Age discrimination in employment

Age discrimination in employment consists of actions which directly or indirectly affect people differentially by age⁴. The most obvious face of ageism is age requirements in recruitment. However, wherever age is used as a criterion or wherever assumptions about a person are informed by their age and it gives rise to decisions or actions, then age discrimination takes place. This occurs not only in recruitment, but in decisions on promotion, training, assessment of performance (and, hence in some cases, pay), work allocation (including overtime), redundancy etc. Retirement, which is intrinsically age discriminatory, is a particularly important issue, as employees may not only be retired against their wishes, but employers' assumptions that retirement takes place at a given age may result in unwillingness to recruit, train or promote workers as they approach that age. Sometimes this can affect recruitment, training and promotion for many years prior to the retirement age. Moreover, while employees who are older than the DRA have the same statutory employment rights as other employees, the DRA weakens their ability to exercise these rights.

Indirect discrimination occurs through requirements and criteria based on, for example, length of service, years of experience and period to retirement unless these can be shown as being essential to the job. Certain qualification requirements are also discriminatory, as older workers tend to have fewer qualifications.

Age discrimination is complex both because stereotyping or classifying people by age is endemic throughout our society (Urwin, 2004) and also because of its link with well-accepted human resource practices, for example, 'last-in-first-out' for redundancy; years of experience as an indicator of competence; certain training being reserved for the young and pay back periods being a consideration in training provision for older employees.

Age discrimination occurs across the age range, although it is most common at the younger and older age ranges, particularly under 25 and over 50. Its nature and extent varies with the nature of the job, employer and employee characteristics, for example, gender (Duncan with Loretto, 2003).

Older workers suffer mainly from discrimination due to expectations of withdrawal from the labour market, assumptions about health, assumptions about vitality and about competence (even about mental competence; Metcalf and Thompson, 1990). Despite evidence to the contrary (Meadows, 2003), as well as the inefficiency (for the employer) of such broad stereotyping and lack of recognition of the higher turnover rates of younger aged workers, these attitudes persist, leading to recruitment difficulties for older workers and lack of training. Early retirement and redundancy are more complex issues, affected both by individual choices and pressures from employers and colleagues.

At the same time younger workers also suffer from stereotyping: irresponsible, unreliable, lacking skills, lacking knowledge of the world of work. These problems are mitigated for some, by a greater willingness to train young people.

⁴ This is the definition of 'age discrimination' used in the report. It does not indicate whether a policy or practice is unlawful.

Harassment, targeted at young people, has also been found to be a problem (Andrew Irving Associates, 2001).

However, the age at which these factors kick in and disappear varies, with factors such as occupation and the nature of the employers' business affecting this. Although, most often, older workers are considered as those over 50, some research has shown workers being disadvantaged at 30 (Casey, Metcalf and Lakey, 1993). Disadvantage due to youth has received less attention and it is unclear what ages are most affected and how rapidly this declines. (Note that the very high unemployment levels amongst 16-17 year olds is largely due to those economically active at this age being the least qualified, often with other barriers to employment, and so a high percentage are unable to get a job.)

Moreover, in some cases those in the young or older age groups may be advantaged by employment policies and practices (witness the high profile employers, e.g. B&Q and Sainsbury, who targeted older workers; reduced hours working in the run up to retirement; and early retirement). It should be borne in mind therefore that the age dimension of employment practices can work to the favour or disfavour of any age group.

The limited usefulness of age as a proxy for competence and performance has been illustrated by a number of studies, which found that in most jobs, there is little or no relationship between age and job performance (Meadows and Cook 2004):

'There is a widespread perception that older workers are less productive than their younger counterparts.....However, in comprehension and knowledge tests performance tends to improve up to the age of 70 (with few studies testing subjects who are older than this). In verbal meaning tests, performance either improves with age or remains stable....Younger people show greater variability in both physical and cognitive performance than older people do. In cognitive tests, some older people perform at well above the average for younger people, while others do much worse. In physical capacity tests, active 65 year olds do as well as active 25 year olds, but inactive 65 year olds do much worse than their younger counterparts'.

1.3 The Employment Equality (Age) Regulations 2006

The Employment Equality (Age) Regulations 2006 made certain age discrimination in employment unlawful. However, it specifically exempted certain practices and allowed others to be lawful under certain conditions. Key elements are described below.

The main specific exemptions are:

- a national default retirement age, at the age of 65, which means employers can retire employees at or beyond the age of 65 (so long as they follow the prescribed process);
- any length of service requirement of five years or less in relation to pay, benefits and redundancy selection;

- lower pay rates for young people, so long as the age bands for each pay rate are the same as that for the minimum wage (i.e. under 18, 18 to 21) and so long as their pay rate is below the adult minimum wage;
- most age-related rules and practices in relation to occupational pensions;
- to comply with other statutory requirements (e.g. employees under 18 cannot sell alcohol).

Other forms of direct discrimination are lawful, if the employer can show that it is justified i.e. that the less favourable treatment was a 'proportionate means of achieving a legitimate aim'. (Note that age is the only equality strand where direct discrimination can be lawful if it is justified.)

For pay, benefits and redundancy selection criteria, length of service above five years is lawful if it reasonably appears to the employer that the use of a length of service criterion satisfies a business need. The Age regulations give examples of encouraging loyalty and motivation and rewarding experience as possible business needs.

Other forms of indirect discrimination are lawful, if employers can objectively justify them (where objective justification means that the practice is a proportionate means of achieving a legitimate aim). For further details see DTI (2005).

The range of exemptions makes it impossible for the survey to identify whether a discriminatory policy or practice is unlawful. Therefore, where discriminatory policies and practices (i.e. those which differentially affect people by age) are identified, we comment on whether these are potentially unlawful.⁵

1.4 Aims of the study

The main aims of the study were to:

- identify employers current policies, practices and attitudes relating to age, particularly those covered by the EE(A)R;
- assess changes since the first survey (SEPPP1 in 2006);
- assess changes due to the Employment Equality (Age) Regulations 2006;
- provide evidence for the review of the Default Retirement Age (DRA).

The study did not examine policies and practices which had a very low incidence in 2006 and where the EE(A)R ought to have reduced their incidence, as change would have been too small to identify.

⁵ The study has relied on legal advice from BIS on the current legal position. Comments on the lawfulness or potential unlawfulness of specific policies and practices are the authors' judgement in the light of this advice.

The study sought to cover elements of a wide range of age-related policies and practices to identify the extent of their use. These included:

- a) recruitment and selection practices;
- b) age-related practices in training;
- c) retirement practices, particularly compulsory retirement;
- d) redundancy policies and practices;
- e) pay and other benefits, including pension support;
- f) the use of appraisal systems.

In addition, the study examined:

- how well respondents believed they understood the EE(A)R and their perceived need for further information;
- sources of information on employment legislation;
- employers' attitudes to age.

1.5 Method

The study was based on a representative survey of 2,205 employment establishments in Britain with at least five employees. The survey was conducted at the establishment (rather than the organisational) level to increase the ability of the study to examine practice, rather than policy alone. The sample was a random stratified sample taken from the Inter-Departmental Business Register, stratified to ensure adequate sample size across establishment sizes and industry. The survey had a response rate of 46 per cent (see Appendix A). The survey sought to interview the most senior person at the workplace with responsibility for human resource issues. A full description of the survey methodology and other technical details are provided in Appendices A to G. All data presented in the report is weighted to be representative of establishments in Britain. Employee weighted data is also provided.

The study presented a number of methodological difficulties. Briefly,

- a) possible response bias towards employers with better age-related policies;
- b) possible under-reporting of the role of age in practices;
- c) differences between policy and practice;
- d) the knowledge of the respondent over a wide range of human resource issues⁶; and
- e) variation within establishments in policy and practice, particularly by occupation

⁶ Our main concern was about respondents' knowledge of pension arrangements, which, in larger organisations are usually dealt with by pension's specialists. However, other issues may also have been outside some respondent's knowledge and this may account for the large number of 'don't know' responses to some questions.

These issues confronted the first Survey of Employers' Policies, Practices and Preferences (SEPPP1) and they are discussed further in the report of that survey (Metcalf and Meadows, 2006, Appendix A).

1.5.1 Variation within establishments: the 'largest occupational group'

Some types of policies and practices vary by occupation. In order to reduce the problem of respondents replying in generalities (or restricting their response to selected, but unstated, groups only), respondents were asked about a specific occupation. For 90 per cent of respondents, this was the largest occupational group. To ensure adequate coverage of managers or senior officials ten per cent of the sample was randomly selected to be asked about this group⁷. Throughout the report, the term 'largest occupational group' is used to refer to the questions about a specific occupation, whether the establishments actual largest occupational group or managers and senior officials.

1.5.2 Identification of change

Two approaches were taken to identify change since the EE(A)R was introduced: respondents were asked whether they had made changes in response to the EE(A)R and the incidence of policies, practices and attitudes in SEPPP1 and SEPPP2 were compared. Neither of these approaches is a perfect measure of change due to the EE(A)R. The first may suffer from respondents erroneously attributing change to the EE(A)R or, conversely, erroneously attributing it to something else and not to the EE(A)R. The second, whilst providing an accurate description of change between the two surveys cannot assess whether change was a result of the EE(A)R.

A number of factors affect the degree of accuracy with which change has been measured:

1. the similarity in the sample compositions between SEPPP1 and SEPPP2⁸. The more these differ, the more identified changes might be due to the compositional differences. On key characteristics (organisational size, sector and industry) the samples are similar. (Details are given in Appendix H.)
2. similarity in the two questionnaires. To assist comparability between years, the SEPPP2 questionnaire replicates some of SEPPP1. However, certain questions were amended, in order to improve reliability. Others were added or dropped (in some cases because SEPPP1 had been designed prior to the EE(A)R being drawn up and so not all issues covered in SEPPP1 were relevant to the EE(A)R)
3. questions relating to redundancies⁹ and to recruitment were asked of those who had had experience of these 'in the last five years'. This meant that some respondents may have described practices prior to the

⁷ Establishments were randomly allocated to each group. WERS98 suggested that all groups except managers and senior officials would be adequately covered using the 'largest occupational group approach'. The structuring was undertaken to ensure that an adequate sample focussing on managers and senior officials was achieved.

⁸ Note that this applies even when the samples are representative of the economy, but the composition of the economy has changed.

⁹ Redundancy questions were also asked of those with redundancy policies.

EE(A)R. However, this is likely to be restricted to those who had not had more recent experience, as the questions on actual policies and practices asked generally what they did (as opposed to over the five year period). We would therefore expect the effect to be small.

All the changes between SEPPP1 and SEPPP2 discussed in the text are statistically significant at the one per cent level ($p < 0.01$).¹⁰ Because of the relatively large sample sizes in the two surveys, changes of only two or three percentage points are usually statistically significant. However, such changes may not be meaningful in terms of changes in policy or practice. Therefore not all statistically significant changes are discussed. The high cut-off for the determination of statistical significance was selected because both samples were structured and involved weighting to produce average outcomes across the population of establishments. This means that the variances are likely to have been underestimated and therefore statistical significance overstated. However, as it was only possible to statistically test comparisons of proportions in the two surveys, there was a risk that using a five per cent ($p < 0.05$) cut-off would accept some changes as significant at this level where they were not. By choosing a more stringent test we can be confident that the changes were genuinely statistically significant at the five per cent level.

1.6 Description of respondents

This section describes the main characteristics of the weighted sample. The characteristics are described in terms of the percentage of establishments surveyed and in terms of the percentage of employees in those establishments. The former is useful for identifying how many establishments need to be reached to improve policy and practice. The latter is useful for deciding where change might be most effective (in terms of the number of employees affected).

Establishments tended to be small: one third (33 per cent) with fewer than ten employees; one third (33 per cent) with 10 to 24 employees; and fewer than one in ten (seven per cent) had 200 or more employees (Table 1.1). However, compared with the Workplace Employment Relations Survey 2004 (WERS04), the smallest establishments appear to be substantially under-represented and the largest over-represented.

¹⁰ The statistical significance of change between SEPPP1 And SEPPP2 was tested using Fisher's Exact t test for two samples with unequal variances using the SISA online testing procedure (Uitenbroek, D. G. (1997) "SISA-T-test", Available: <http://www.quantitativeskills.com/sisa/statistics/t-test.htm>. (Accessed: June 25, 28 and 29 2010)). Because of the complexities of adjusting for weighting in two separate samples, which means that the calculated variances will understate the true variance, differences have only been treated as statistically significant if the probability of the difference having occurred by chance is less than 1 in 100 ($p < 0.01$) rather than the conventional 1 in 20 ($p < 0.05$). The probability that the difference is equal to or larger than the observed difference (which increases the p value) was used to determine statistical significance. The p values are shown in Appendix I.

Table 1.1 Establishment size

Number of employees	% establishments	% employees	% establishments WERS04
5-9	33	10	44
10-24	33	8	32
25-49	14	15	13
50-199	12	30	9
200+	7	36	3
Don't know	*	1	-
<i>Base</i>	2205	2205	

Source: Kersley *et al.* (2005) p3.

Employees are more concentrated in the larger establishments: establishments with fewer than ten employees employed only ten per cent of employees, with 36 per cent employed in establishments with 200 or more employees.

Over half the establishments (56 per cent) were in small organisations (i.e. with fewer than 50 employees); 11 per cent were in medium-sized organisations (i.e. with 50 to 249 employees) and 22 per cent were in large organisations (with 250 or more employees) (Table 1.2). However, the smallest sized organisations only accounted for 22 per cent of employees, with 35 per cent being in organisations with 1,000 or more employees.

Table 1.2 Organisational size

Number of employees	% establishments	% employees
5-49	56	22
50-249	11	21
250-999	6	12
1000-9,999	9	13
10,000+	7	22
Don't know	12	12
<i>Base</i>	2205	2205

Nearly three-quarters (72 per cent) of establishments were in the private sector and one fifth (21 per cent) were in the public sector (Table 1.3). The remainder (six per cent) were in the voluntary sector. However, the private sector accounted for a smaller percentage of employees than establishments (59 per cent) and the public sector slightly more (35 per cent).

Table 1.3 Sector

	% establishments	% employees
Private sector	72	59
Public sector	21	35
Voluntary sector	6	5
Don't know	1	1
<i>Base</i>	2205	2205

By industry, one quarter (23 per cent) of establishments were in the Wholesale and retail trade. The other larger industries were Real estate, renting and business activities (17 per cent), Health and social work (11 per cent) and Hotels and Restaurants (11 per cent) (Table 1.4). Owing to the small number of establishments in the sample in the Electricity, gas and water supply industry, the analyses by industry do not describe this group.

Table 1.4 Industry

SIC ^a code	Standard Industrial Classification	% establishments	% employees
D	Manufacturing	8	11
E	Electricity, gas and water supply	*	*
F	Construction	6	4
G	Wholesale and retail trade: repair of motor vehicles, etc.	23	17
H	Hotels and restaurants	11	6
I	Transport, storage and communication	4	5
J	Financial intermediation	3	4
K	Real estate, renting and business activities	17	16
L	Public administration and defence	3	7
M	Education	6	10
N	Health and social work	11	14
O	Other community, social and personal service activities	7	5
	Don't know	0	0
<i>Base</i>		2205	2205

^a Standard Industrial Classification code

The Wholesale and retail trade was also the largest employer (17 per cent of employees), but this was almost matched by Real estate, renting and business activities (16 per cent of employees) and Health and social work (14 per cent). Eleven per cent of employees were in Manufacturing and ten per cent in Education.

Almost one quarter (24 per cent) of establishments recognised a Trade Union for the purposes of negotiating pay and conditions. (Table 1.5). However, such establishments accounted for almost half of employees (48 per cent).

Table 1.5 Trade Union recognition for the purposes of negotiating pay and conditions

	% establishments	% employees
Trade Union recognised	24	48
No Trade Union recognised	74	51
Don't know	2	1
<i>Base</i>	2205	2205

Policy and practice can vary with location of control (with differences in cultures and employment practices across countries leading to differences in age-related policies and practices depending on the country of Head Office) (Metcalf and Meadows, 2006). Eighty-six per cent of establishments were wholly-based in the UK, whilst a further seven per cent had a UK Head Office (Table 1.6). Four per cent had a Head Office elsewhere in Europe, two per cent in the USA and one per cent elsewhere. Those wholly based in the UK accounted for 81 per cent of employees. Owing to the small number of establishments in the sample with a Head Office outside Europe and the US, the analyses by Head office exclude this group.

Table 1.6 Location of Head Office

	% establishments	% employees
Organisation wholly-based in the UK	86	81
Head Office in the UK (but organisation not wholly-based in the UK)	7	8
Head office elsewhere in Europe	4	4
Head office in the USA	2	4
Head office elsewhere	1	1
Don't know	1	1
<i>Base</i>	2205	2205

Table 1.7 Changes in employment

	% establishments	% employees
Number of full-time equivalent employees changed more than five per cent in the last three years		
increased	18	21
remained the same	57	52
decreased	22	20
don't know	3	8
Number of full-time equivalent employees expected to change more than five per cent in the next three years		
increase	20	20
remain the same	66	56
decrease	8	16
don't know	6	7
<i>Base</i>	2205	2205

Table 1.8 Age composition of employment

	% establishments	% employees
percentage of employees aged under 25		
none	24	9
under 5 per cent	15	20
5 to 10 per cent	18	24
10 to 25 per cent	23	25
25 to 75 per cent	17	12
over 75 per cent	2	1
don't know	3	10
percentage of employees aged over 50		
none	12	4
under 5 per cent	11	7
5 to 10 per cent	17	15
10 to 25 per cent	27	34
25 to 75 per cent	28	29
over 75 per cent	3	2
don't know	3	9
Employ someone over state pension age		
yes	52	76
no	48	24
don't know	1	1
<i>Base</i>	<i>2205</i>	<i>2205</i>

As has been described in Section 1.5, respondents were asked to describe certain policies and practices in respect of a particular occupational group (for 90 per cent of respondents their largest occupational group and for ten per cent managerial and senior administrative occupations). For ease of reference, this is referred to as the 'largest occupational group' throughout the report. The most common largest occupational groups were Sales and customer service staff (22 per cent of establishments), Professionals (16 per cent) and skilled trades staff (14 per cent). Because of the inclusion of ten per cent of the sample as managers (irrespective of real largest occupational group size), 12 per cent of establishment were asked about managers and senior officials (Table 1.9). Other occupations were reported in four to nine per cent of establishments.

Table 1.9 Largest occupational group

	% establishments
Managers and senior officials	12
Professionals	16
Associate professional and technical staff	8
Administrative and secretarial	9
Skilled trades staff	14
Caring, leisure and personal service staff	8
Sales and customer service staff	22
Process, plant and machine operatives and drivers	5
Routine unskilled staff	4
Don't know	2
<i>Base</i>	<i>2205</i>

Although the study was primarily of policies and practices of the establishment or its largest occupational group, brief details of the respondent were collected. The jobs held by respondents show that they tended to be senior and, frequently, were not human resources specialists (83 per cent) (Table 1.10). However, these human resource specialists were in establishments employing 44 per cent of employees.

Table 1.10 Respondents' job title

	% establishments	% employees
Owner or partner	8	3
Managing Director, Chair or Chief Executive Officer	15	8
Director of Human resources	3	9
Director, other than Human resources	8	7
General manager	16	10
Human resources manager	8	28
Manager, other than above	24	19
Other Human resources	6	7
Other	12	10
<i>Base</i>	<i>2205</i>	<i>2205</i>

Approximately half of respondents were male and half were female. However, the female respondents accounted for establishments with 57 per cent of employees. Most respondents were aged between 40 and 60 (**Table 1.11**).

Table 1.11 Respondents' age

	% establishments	% employees
under 30	7	5
30-39	18	20
40-49	31	33
50-59	29	30
60 and over	11	7
age not given	4	5
<i>Base</i>	2205	2205

1.7 Layout of the report

The next two chapters set the scene for the description of age-related policies and practices: Chapter 2 describes respondents' knowledge of the Employment Equality (Age) Regulations, the extent that the establishment had made changes in response to the regulations and sources of information. Chapter 3 describes equal opportunities policies in the establishments and the extent to which they explicitly address age. It was hypothesised that establishments with equal opportunities policies, particularly those which explicitly address age would be less likely to have age-related employment policies and practices and this is explored throughout the report.

The following five chapters describe the incidence of age-related policies and practices in detail: recruitment (Chapter 4), pay and other benefits, including pensions (Chapter 5), performance appraisal, training and promotion (Chapter 6), redundancy (Chapter 7) and retirement (Chapter 8).

The report then turns to examine respondents' attitudes which may affect ageism in employment practices (Chapter 9). The final chapter provides an overview and conclusions of the extent of age-related policies and practices in employment.

1.8 Conventions

All data (other than the base) are weighted, either to make the findings representative of establishments in Britain or to reflect the number of employees in these establishments. (See Appendix A for details.)

The following reporting convention has been used in the report. The tables give establishment weighted and employee weighted data for the full sample. The text describes establishment weighted findings. Employee weighted findings are then described only where these differ substantially from the establishment weighted findings.

Analysis was conducted of differences by establishment characteristics, namely organisational size, sector, industry, country of Head office, Trade Union recognition, existence of an Equal Opportunities policy and whether this policy mentions age, whether the establishment had a compulsory retirement age or not and age distribution of employees. These characteristics are highly

correlated (e.g. organisational size and sector with country of Head office, Trade Union recognition and the existence of an Equal Opportunities policy). For this reason we concentrate on size, sector and industry. Given the sample size, small, statistically significant differences (at the five per cent level) by characteristics were identified for many policies and practices. Therefore, differences by each of the characteristics are only reported where large and of importance for policy (e.g. where the incidence was much lower or higher for some groups). All differences reported are significantly different at the five per cent level, unless otherwise indicated.¹¹

Numbers in the tables and text have been rounded. This means that sums may differ from the data given. This affects both sums in the tables and also where figures in the text refer to the sum of figures from a table.

Some questions were asked about policies and practice for a single occupation only (see Section 1.5). For 90 per cent of the sample respondents were asked about the occupation which was the largest in the establishment. For ten per cent of the sample respondents were asked about managers and senior officials (whether or not this was the largest occupational group). For ease of reference, the report refers to these occupations as the 'largest occupational group'.

The following conventions have been used in the tables:

'Base' refers to the unweighted base. Only the unweighted base is given where the difference between the weighted and unweighted numbers is small. Where they are very different (differing by 20 per cent or more), both the weighted and unweighted base is given.

- * less than 0.5 per cent
- 0 no observations
- category not applicable

¹¹ Significance at the 1 per cent level is reported for differences in proportions between SEPPP1 and SEPPP2 (see reasons set out in section 1.5.2). Significance at the 5 per cent level is reported elsewhere, i.e. for differences in proportions between groups in SEPPP2.

2 Awareness, response and sources of information: the EE(A)R

2.1 Introduction

The survey explored how well informed respondents felt they were about the Employment Equality (Age) Regulations 2006, whether the establishment had made changes in response to the legislation and sources of information.

2.2 Understanding of the Employment Equality (Age) Regulations 2006

Two-thirds of respondents felt they understood the Employment Equality (Age) Regulations 2006 quite or very well (Table 2.1). Interestingly, this was the proportion who had heard of the draft regulations in 2006. Thirty-three per cent indicated that they did not feel they understand the regulations well. This was reflected in the percentage, 35 per cent, who felt they needed to know more.

Table 2.1 Understanding of the Employment Equality (Age) Regulations 2006

	% establishments	% employees
How well respondent felt they understood the EE(A)R		
very well	12	29
quite well	54	52
not very well	26	15
not at all well	7	3
don't know	2	2
Whether respondent felt they needed to know more		
yes	35	29
no	63	71
don't know	2	1
<i>Base</i>	2205	2205

Reported understanding was higher amongst those in larger establishments, with 81 per cent of the workforce employed in establishments where the respondent felt that they understood the regulations quite or very well. However, this disparity was less great for those who felt they needed to know more, with 29 per cent of employees in establishments where the respondent felt they needed to know more about the regulations.

- Respondents in the smallest organisations felt less knowledgeable about the EE(A)R than those in other organisations: 60 per cent of those in organisations with fewer than 50 employees felt they understood the legislation well or quite well compared with 72 to 78 per cent in other size bands. However, this pattern was not reflected in who felt they needed to know more.

- The public and voluntary sectors were slightly more likely to feel they understood the EE(A)R than those in the private sector: 72 per cent and 73 per cent, respectively, felt they understood the legislation well or quite well compared with 63 per cent of the private sector. However, this pattern was not reflected in who felt they needed to know more, with little difference by sector.
- Fewer respondents felt they understood the EE(A)R in Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport (53 to 64 per cent felt they understood the legislation well or quite well) and particularly high Public administration and defence (83 per cent). This disparity in felt knowledge was only reflected in the low percentage in Public administration and defence (23 per cent) who felt they needed to know more, although this industry difference was only significant at the ten per cent level. There was little other difference by industry, except that fewer in Financial Intermediation felt they needed to know more (20 per cent)¹².
- Establishments with Trade Union recognition were more likely to feel they understood the EE(A)R than those without (75 per cent compared with 64 per cent felt they understood the legislation well or quite well respectively). However, there was little difference by Trade Union recognition in whether the respondent felt they needed to know more.

The importance of Equal Opportunities and the role of senior Human Resource specialists for ensuring knowledge of legislation were apparent from the survey.

- Establishments with an Equal Opportunities policy which addressed age were most likely to feel they understood the EE(A)R well or quite well (74 per cent compared with 56 per cent of those with an equal opportunities policy which did not explicitly address age and 46 per cent of those without any equal opportunities policy). Those with equal opportunities policies seemed more likely to feel the need to understand the legislation: as 42 per cent of those with a policy which did not address age explicitly felt the need to understand the legislation better, as did 35 per cent of those with a policy which did explicitly address age, but only 32 per cent of those with no equal opportunities policy felt this need.
- Respondents who were Human Resource Directors or Human Resource Managers were much more likely to feel they understood the legislation (88 per cent and 94 per cent respectively felt they understood it well or quite well); those who were least likely to feel they understood it were owners (53 per cent). There was little difference in perceived need to know more, other than fewer Human Resource Directors feeling they needed to know more (22 per cent).
- Establishments with higher proportions of young employees seemed slightly more likely to feel they needed to know more about the legislation; those with a very high percentage of employees over 50 (over 75 per cent) were less likely to feel the need to know more about the legislation (18 per cent) and those with under five per cent (or no)

¹² Industry differences were significant at the ten per cent level.

employees over 50 were most likely to feel the need to know more (around 44 per cent).

2.3 Response to the legislation

In 2006 one third (31 per cent) of establishments reported that they had already made some changes to their policies or practices in anticipation of the draft Employment Equality (Age) Regulations 2006. In 2010, the same percentage (32 per cent) reported having made changes due to the legislation (Table 2.2). These establishments employed 55 per cent of employees. Whilst the lack of change is likely to reflect some under-reporting (with some respondents unaware of earlier changes), it does suggest that the establishments which have felt the need to make changes due to the EE(A)R did so at an early stage and that change has slowed. The details of the changes made are described in the appropriate chapters of the report.

Table 2.2 Changed policies or practices in the respondent organisation due to the EE(A)R

	% establishments	% employees
Whether had changed any policies or practices		
yes	32	55
no	55	36
don't know	13	10
<i>Base</i>	2205	2205

- The likelihood of having changed policies or practices in response to the legislation grew with organisational size (from 21 per cent of the smallest to 55 per cent of the largest).
- Establishments in the public and voluntary sectors establishments were more likely to have changed policies or practices due to the legislation (42 and 47 per cent, compared with 27 per cent in the private sector).
- Reflecting this, policy or practice change had occurred in 62 per cent of establishments in public administration and defence and 43 per cent of establishments in education and health and social work. It had occurred in 25 to 34 per cent of other industries, except in construction, where very few (14 per cent) had made changes.
- Establishments where the organisation was solely located in the UK were less likely to have changed policies or practices (29 per cent) compared with other organisations (40 to 48 per cent).
- Establishments with Trade Union recognition were twice as likely to have changed policies or practices (49 per cent compared with 26 per cent of establishments without Trade Union recognition).
- Establishments with compulsory retirement (for at least some employees) were more likely to have made changes to policies or practices due to the legislation (43 per cent compared with 26 per cent of those with no compulsory retirement)

- Establishments with an Equal Opportunities policy which addressed age explicitly were more likely to have changed policies or practices in response to the legislation: 41 per cent compared with 19 per cent of those with an equal opportunities policy which did not address age and nine per cent of those without an equal opportunities policy.
- Respondents who were Human Resource Directors of Human Resource Managers were more likely to have reported changes to policies or practices due to the legislation (54 per cent and 60 per cent). This might be because they were more aware of the changes made, but may also indicate that where establishments had Human Resource specialists, change was greater.
- Establishments with a very high (over 75) percentage of young employees or with no young employees were less likely to have made changes to policies or practices due to the EE(A)R (22 per cent each, compared with 30 to 38 per cent of others). Similarly those with a very high (over 75) percentage of employees over 50 or with under five per cent (or none) were less likely to have made changes in response to the EE(A)R. Those who had employees over state pension age were more likely to have made changes (37 per cent) compared with those which did not (25 per cent).

2.4 Information sources

The survey explored the normal sources of employment legislation information and looked at differences in relation to how well informed respondents felt about the EE(A)R. For respondents, the most common sources of information were internal, 25 per cent of establishments received information from their head office or other internal communications (Table 2.3). This was most common for large and for public sector organisations and suggests that, for these, information might be targeted at Head Offices. However, the survey did not investigate the external sources for other parts of the organisation.

The most common external source of information used by the respondents was government (and other public sector) (22 per cent of establishments). Government sources were spread across a number of departments and agencies (notably, DWP, ACAS BIS/BERR and Business Link). General business sources (18 per cent), Legal advisers (and Croner¹³) (16 per cent), other professionals (including accountants, external consultants, banks and building societies) (15 per cent) and the CIPD/human resource journals (14 per cent) were amongst the next most common sources of information on employment legislation. A small percentage (six per cent) received information from the general media.

Some major differences were noticeable by size of establishment, resulting in a rather different pattern by employee coverage for a small number of sources of information. Notably, the CIPD/human resource journals and legal advisers were sources of information for establishments covering 29 per cent of

¹³ Croner is a company providing information on legal compliance and best practice in, *inter alia*, human resources.

employees each (compared with 14 per cent and 16 per cent of establishments) i.e. these sources were more often used by those in the larger establishments. Other professionals were sources of information for establishments covering ten per cent of employees (compared with 15 per cent of establishments) i.e. these sources were more often used by smaller establishments.

Table 2.3 Sources of information on employment legislation

	% establishments	% employees
Head office/HR manager/internal communications	25	26
Government and other public sector	22	21
DWP website	7	7
ACAS	6	8
BIS/BERR website	3	4
Business Link	2	1
Local authority/council	3	2
Other government	6	4
General business e.g. CBI, trade journals	18	19
Other business/industry journals	6	8
CBI	0	0
Other trade/ business association	13	11
Engineering Employers Federation (EEF)	0	1
Legal adviser or Croner	16	29
Legal adviser	15	26
Croner	2	3
Other professionals	15	10
Accountant	6	2
External consultant	6	6
Bank/building society	3	2
Sage	1	1
CIPD; HR journals	14	29
HR/personnel journals	10	15
CIPD	5	16
General media	6	5
General newspapers/magazines	5	4
TV/radio	0	0
Word of mouth/colleague	3	3
Not specific e.g. seminars, mail, leaflets	46	46
Word of mouth/colleague	3	3
Other internet/website	35	34
Brochures/leaflets/newsletters/documents	2	1
Mail/post	2	3
Training courses/seminars/conferences	3	5
Other answers	9	10
No answer/don't know	1	0
<i>Base</i>	<i>2205</i>	<i>2205</i>

Multiple response.

The CIPD/human resource journals were more often used by those in the public and voluntary sectors (than the private sector). Government sources and legal advisers were more important to the voluntary sector (compared with other sectors), whilst other professionals were less used by the public sector. There were also differences in external sources used by organisational size, although this will have been affected by the reliance on internal sources in large organisations. Whilst organisations with fewer than 1000 employees were more likely to use general business and government sources and those with 50 to 999 employees legal advisers, perhaps the most important difference was that small organisations (under 50 employees) were more likely than others to use other professionals. This suggests that there may be a lack of accessible information for the smallest organisations.

There were major differences in the sources of information by how well informed about the EE(A)R respondents felt. Those who felt best informed tended to get information from the CIPD/human resource journals or legal advisers (Table 2.4). Thirty-three per cent of those who felt very well informed got information from the CIPD/human resource journals compared with 14 per cent of those who felt quite well informed and eight per cent of those who felt less well informed. There was a similar pattern by use of legal advisers. Those who turned to general business sources tended to feel slightly better informed than those who did not. Those who used government sources to inform them about employment legislation were more likely to feel quite well (rather than very well or less well) informed, whilst those who turned to other professionals were less likely to feel very well informed.

This may reflect how good each of these sources is. However, it may reflect who turns to each source of advice. The latter may reflect that the respondents who were most often well-informed about the legislation were Human Resource specialists. Certainly Human Resource Directors and Human Resource Managers were much more likely to get information from the CIPD and human resource journals (36 per cent and 44 per cent) and from legal sources (31 per cent and 37 per cent) than were other respondents.

Table 2.4 Sources of information on employment legislation by understanding of the EE(A)R, establishments

	how well the respondent feels they understand the EE(A)R			Total
	very well	quite well	less well	
How well understand the EE(A)R	12	54	34	100
CIPD; HR journals	33	14	8	14
Legal adviser or Croner	31	15	12	16
Head office/HR manager/internal communications	23	26	24	25
General business e.g. CBI, trade journals	23	19	16	18
Government and other public sector	17	25	18	22
General media	7	6	5	6
Other professionals	7	15	17	15
Word of mouth/colleague	3	3	3	3
Not specific e.g. seminars, mail, leaflets	50	46	44	46
No answer/information know	0	0	3	1
TOTAL	100	100	100	100
<i>Base weighted</i>	264	1192	749	2205
<i>Base unweighted</i>	464	1190	551	2205

Multiple response.

Table 2.5 Sources of information on employment legislation by understanding of the EE(A)R, employees

	how well the respondent feels they understand the EE(A)R			Total
	very well	quite well	less well	
How well understand the EE(A)R	29	52	20	100
CIPD; HR journals	46	26	11	29
Legal adviser or Croner	46	24	19	29
Head office/HR manager/internal communications	17	31	28	26
General business e.g. CBI, trade journals	17	22	14	19
Government and other public sector	15	25	19	21
General media	5	5	4	5
Other professionals	4	11	17	10
Word of mouth/colleague	2	5	2	3
Not specific e.g. seminars, mail, leaflets	51	45	42	46
No answer/information know	0	0	2	0
TOTAL	100	100	100	100
<i>Base weighted</i>	631	1138	436	2205
<i>Base unweighted</i>	464	1190	551	2205

Multiple response.

2.5 Awareness and information: summary

Two-thirds of respondents felt they understood the Employment Equality (Age) Regulations 2006 quite or very well. One third felt they needed to understand the legislation better.

Awareness was lowest amongst:

- smaller organisations;
- the private sector;
- Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport;
- Owners.

The lack of perceived understanding amongst some groups was not reflected in which organisations felt they needed to know more.

Thirty-two per cent of establishments (employing 55 per cent of the workforce) had changed policies or practices due to the EE(A)R. Changes were less common in:

- smaller organisations;
- the private sector;
- Construction.

The most widely used external sources of information on employment legislation were the government and other public sector sources, closely followed by general business sources, legal advisers and other professionals. However, the most common external sources for those who felt best informed about the EE(A)R were Legal advisers and the CIPD and human resource journals.

3 Equal Opportunities Policies and practices

3.1 Introduction

The extent to which employers have an Equal Opportunities policy which addresses age was of interest to the study, as was whether this might affect the extent of age-related policies and practices. However, it is well-known that Equal Opportunities policies without related practices to implement the policy may not be effective. Therefore, the study also examined selected Equal Opportunities practices with respect to age; namely Equal Opportunities training and monitoring of the workforce.

This chapter describes the incidence of Equal Opportunities policies and Equal Opportunities training and monitoring in respect of age. The following chapters examine how Equal Opportunities policies and Equal Opportunities training practice were related to the incidence of age-related policies and practices.

3.2 Incidence of Equal Opportunities policies

Over three-quarters of establishments had an Equal Opportunities policy (Table 3.1). There was little difference in the extent to which Equal Opportunities policies explicitly addressed age compared with gender, ethnicity and disability/health. However, as larger organisations were more likely to have each type of policy (see below), 90 per cent of employees worked in an establishment with an Equal Opportunities policy and 84 per cent worked in an establishment where this explicitly addressed age.

Table 3.1 Equal opportunities policy

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Establishment has an Equal Opportunities policy	77	90	72	86
Equal Opportunities policy explicitly addresses...				
...gender	70	85	67	84
...ethnicity	70	86	68	84
...disability or health	70	86	68	83
...age	67	84	56	67
<i>Base</i>	2205	2205	2087	2087
Multiple response				

Between SEPPP1 and SEPPP2, there was an increase in the percentage of organisations that had an equal opportunities policy, rising from 72 per cent to 77 per cent, with the percentage of employees working in such establishments rising from 86 per cent to 90 per cent. There has also been a growth in the extent to which equal opportunity policies address age since SEPPP1, when only 56 per cent of establishments had such a policy. The growth is still greater for the percentage of employees working in establishments with such a policy. In SEPPP1, around 84 per cent of employees worked in organisations where gender, ethnicity/race and disability (all of which were already covered by equality legislation) were included in equal opportunities policies, but not age (where only 67 per cent were covered). By SEPPP2 the proportions were similar for all types of discrimination.

The following describes how the incidence of equal opportunities policies varied with establishment characteristics.

- Larger organisations were more likely to have an Equal Opportunities policy, rising from 65 per cent of establishments in organisations with fewer than 50 employees to all establishments in organisations with 10,000 or more employees. Larger organisations were also more likely to have an Equal Opportunities policy which addressed age rising from 52 per cent of establishments in organisations with fewer than 50 employees to 96 per cent of establishments in organisations with 10,000 or more employees. The pattern across establishments was similar.
- Public sector and voluntary sector establishments were much more likely to have Equal Opportunities policies (93 per cent and 96 per cent respectively) compared with the private sector (71 per cent). The private sector was also less likely to have a policy which covered age explicitly (61 per cent compared with the public sector 83 per cent and the voluntary sector 87 per cent).
- Reflecting the difference between the public and private sectors, Public administration and defence, Education and Health and social work were much more likely to have an Equal Opportunities policy (at least 95 per cent) and to have an Equal Opportunities policy covering age (at least 84 per cent); for other industries the percentage having an Equal Opportunities policy ranged from 65 per cent to 82 per cent, with Manufacturing, Wholesale and retail, Hotels and restaurants and Transport, storage and communication least likely to have an Equal Opportunities policy; these four industries, together with Construction and Financial *Intermediation* were also least likely to have a policy covering age (under 65 per cent and under).
- Establishments with a recognised Trade Union were much more likely to have an Equal Opportunities policy (95 per cent, compared with 71 per cent of those which did not recognise a Trade Union). This difference was similar for policies covering age, resulting in 88 per cent of establishments with a recognised Trade Union and 60 per cent of establishments without a recognised Trade Union having an Equal Opportunities policy covering age.

There were differences both in the likelihood of having an Equal Opportunities policy and whether this addressed age specifically by country of Head Office.

- Establishments with a US Head Office (all) or with a UK Head Office (and with offices outside the UK) (95 per cent) were much more likely to have an Equal Opportunities policy than those wholly-based in the UK (75 per cent) or with a Head Office elsewhere in Europe (80 per cent).
- Establishments with a US Head Office (93 per cent) or with a UK Head Office (and with offices outside the UK) (90 per cent) were also more likely to have an Equal Opportunities policy which addressed age than those wholly-based in the UK (64 per cent) or with a Head Office elsewhere in Europe (66 per cent).
- Other than those establishments which did not employ anyone aged over 50, the likelihood of having an equal opportunities policy declined with the percentage of employees aged over 50 (from 84 per cent of those with under five per cent aged over 50 to 59 per cent of those with three-quarters of employees aged over 50). The same pattern was apparent for policies which addressed age explicitly. On the other hand those establishments which employed people over state pension age¹⁴ were more likely to have an equal opportunity policy (80 per cent compared with 74 per cent of those who did not) and one which addressed age (71 per cent and 62 per cent respectively).

3.3 Provision of Equal Opportunities training

Half of establishments provided Equal Opportunities training to staff: 38 per cent provided training to all staff and 15 per cent to some staff (Table 3.2). However, this covered age in only 22 per cent of establishments (with 34 per cent of employees in such establishments).

¹⁴ At the time of the SEPPP2 survey, this was 60 for women and 65 for men.

Table 3.2 Equal Opportunities training

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Staff receive training in Equal Opportunities	53	68	50	67
Which staff receives training in Equal Opportunities...				
...all	38	43	31	40
...some	15	25	19	27
...none	44	29	45	30
Don't know	3	3	4	3
Equal opportunity training covers age	22	34	19	24
<i>Base</i>	2205	2205	2087	2087

^a Multiple response

The picture on whether age-explicit equal opportunities training has increased is mixed. The percentage of establishments providing such training has changed little since SEPPP1, although more say they provide such training to all rather than some employees. At the same time the percentage of employees working in such establishments has not changed. This is despite SEPPP1 having identified age-related equal opportunities training lagging substantially behind that for disability, with 32 per cent providing the later (and 46 per cent of employees in such establishments). At the same time, nine per cent of establishments reported that they had either introduced or extended their training on age discrimination due to the EE(A)R (Table 3.3). Together these suggest more employees may be receiving training, rather than more establishments providing it.

Table 3.3 Changes in training on age discrimination due to the EE(A)R

	% establishments	% employees
Introduced or extended training on age discrimination due to EE(A)R		
yes	9	30
no	89	68
don't know	2	2
<i>Base</i>	2205	2205

^a multiple responses could be given

The type of changes described were: changed to meet legal requirements; removed age; linked to pay; more formalised/detailed; updated. Each was reported by less than 1 per cent of establishments/employees.

Because Equal Opportunities training (of all types) was more common in larger establishments, a higher percentage of employees worked in establishments

with Equal Opportunities training than the percentage of establishments provided Equal Opportunities training:

- 68 per cent of employees worked in establishments providing Equal Opportunities training (to at least some staff);
- 34 per cent of employees were in establishments which provided Equal Opportunities training with respect to age;

In terms of other characteristics:

- Equal Opportunities training (for at least some staff) was more common the larger the organisation (provided by 38 per cent of establishments in small organisations and 89 per cent of establishments in organisations with 10,000 or more employees). The likelihood of such training including age also increased: in total 13 per cent of all establishments in small organisations provided Equal Opportunities training related to age, compared with 51 per cent of those in organisations with 10,000 or more employees. The pattern was similar by establishment size, although slightly less pronounced.
- Equal Opportunities training was much more common in the public and voluntary sectors than in the private sector (80 per cent, 74 per cent and 44 per cent respectively). This pattern was reflected in the provision of Equal Opportunities training in respect of age (33 per cent, 30 per cent and 19 per cent respectively).
- Reflecting the public/private sector differences in Equal Opportunities training, training was particularly common in Public administration and defence, Education and Health and social work (at least 78 per cent of establishments). It was particularly low in Manufacturing, Construction and Transport, storage and communication and Real estate, renting and business activities (between 28 per cent and 38 per cent each). The inclusion of age in such training was highest for Public Administration and defence and Health and Social Work (43 per cent and 38 per cent respectively), followed by Education, Hotels and restaurants and Financial intermediation (28 per cent to 30 per cent). Coverage of age in Equal Opportunities training was particularly rare in Manufacturing, Construction, Transport, storage and communication and Other community, social and *personal service activities* (ten per cent to 16 per cent each).
- There was little difference by Head Office location in the provision of equal opportunities training. However, those with a HO in the US were about twice as likely to provide equal opportunities training in respect of age specifically (45 per cent compared with 21 per cent to 28 per cent of others).
- Establishments which recognised a Trade Union were much more likely to provide Equal Opportunities training (82 per cent compared with 32 per cent of establishments without Trade Union recognition) and for this to cover age (36 per cent of all establishments with

Trade Union recognition and 18 per cent of establishments without Trade Union recognition).

- Not surprisingly, the likelihood of having equal opportunity training was highest for those which had an equal opportunities policy which addressed age (66 per cent), lower for those which had a policy, but not addressing age explicitly (46 per cent) and lowest for those without an equal opportunity policy (20 per cent). Those with an equal opportunities policy addressing age were much more likely than others to provide training on age (30 per cent compared with under 12 per cent of others)
- Establishments which employed someone over state pension age were more likely to have equal opportunities training (60 per cent) than those which did not (46 per cent) and for this to address age (26 per cent and 19 per cent respectively).

3.4 Monitoring

Monitoring plays a central role in ensuring Equal Opportunities policies are put into practice and in addressing discrimination. Twenty-two per cent of establishments monitored the age profile of their workforce to identify potential discrimination (Table 3.4). However, only three per cent of all establishments had taken any action as a result of this monitoring.

Table 3.4 Monitoring of workforce

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Monitor data on the age profile of the workforce to identify potential discrimination	22	46	32	48
Taken action as a result of monitoring	3	13	5	8
<i>Base</i>	2205	2205	2087	2087

Comparison with SEPPP1 suggests a large fall in the percentage of establishments monitoring data on the age profile of the workforce, although no change in the percentage of employees in establishments which monitor.

- Monitoring by age increased substantially with organisational size: from nine per cent of small organisations, 29 per cent of medium-sized and between 42 per cent and 50 per cent of larger organisations. The patterns were similar for establishment size.
- Monitoring the workforce's age profile was about twice as common in the public and voluntary sector as the private sector (38 per cent, 35 per cent and 17 per cent respectively).
- Monitoring was particularly high in Public administration and defence (59 per cent). It was high in Education and Health and

social work (36 per cent and 39 per cent respectively). It was lowest in Manufacturing, Construction, Wholesale and retail, and Transport, storage and communication. Public administration and defence was also notably in taking action in response to monitoring (13 per cent)

- Reflecting their greater likelihood to have an Equal Opportunities policy, establishments with a recognised Trade Union were about three times as likely to monitor the employee age profile (41 per cent) compared with establishments without (16 per cent).
- Those with an equal opportunities policy addressing age were much more likely than others to monitor the age profile of their workforce (30 per cent compared with fewer than eight per cent of others).
- Establishments which employed someone over state pension age were more likely to monitor by age (26 per cent) than those which did not (17 per cent) and for this to address age (26 per cent and 19 per cent respectively).

3.5 Equal Opportunities: summary

- 77 per cent of establishments (covering 90 per cent of the workforce) had an Equal Opportunities policy and 67 per cent (covering 84 per cent of the workforce) had one which addressed age.
- 22 per cent of establishments (covering 34 per cent of the workforce) provided Equal Opportunities training covering age.
- 22 per cent of establishments (covering 46 per cent of the workforce) monitored the age profile of their workforce, but only three per cent of establishments had taken action as a result of their monitoring.

Equal Opportunities policies, policies covering age, training related to age and monitoring by age were least common in:

- smaller organisations, the private sector, Manufacturing, Transport, storage and communication.

In addition,

- equal opportunities policies covering age was also least common in Wholesale and retail and Hotels and restaurants;
- training related to age was also least common in Construction, and Other community, social and personal service activities; and
- monitoring by age was also least common in Construction.

3.5.1 Changes since 2006

There has been a substantial growth in equal opportunity policies addressing age since 2006, concentrated amongst larger establishments. This brings the

coverage of age in equal opportunities policies close to that for other long-established equality strands (e.g. gender, ethnicity and disability or health).

The picture on whether age-explicit equal opportunities' training has increased is mixed, but suggests that more employees may be receiving training.

There was a large fall in the percentage of establishments monitoring the age profile of the workforce, although there was no change in the percentage of the workforce employed in establishments which monitor.

4 Recruitment

4.1 Introduction

Age discrimination in recruitment has serious consequences for the employment of discriminated against groups, leading to higher unemployment and, at the older end, in particular, withdrawal from the labour market. It is also likely to result in loss to the individual and to the economy through occupational downgrading.

Discriminatory practice in recruitment can take many forms. The most obvious are age criteria in advertisements or person specifications. These are now unlawful except where they can be objectively justified or where the age is no more than six months younger than the DRA or the employer's compulsory retirement age (if younger). Even without stated age criteria, advertising and other literature may strongly suggest favoured age ranges. Other criteria may be indirectly discriminatory, where the criteria are not essential to the job and are less likely to be found amongst some age groups: qualifications can fall into this group (as older people tend to have fewer qualifications and the validity of older qualifications is not always recognised), as can periods of experience (as younger people are less likely to have these). Advertising methods themselves can be indirectly discriminatory, if the method is less likely to reach one age group than another. However, much discrimination is likely to be unconscious, based on selectors' attitudes and preconceptions. Processes need to be in place to guard against these, for example, Equal Opportunities training of recruiters and removal of age information from application forms (other than for monitoring purposes).

Many of the above aspects of recruitment were examined in SEPPP1. SEPPP2 focussed on the provision of applicant's age to recruiters and selection criteria which were discriminatory (i.e. age) or were most likely to be indirectly discriminatory. However, whether a criterion is indirectly discriminatory will depend on the circumstances. For example, previous experience (or qualifications) is essential for many jobs: the requirement becomes discriminatory if experience does not affect ability to do the job or the length sought is greater than that affecting ability to do the job. Thus, without detailed knowledge of the job, for many practices, it is not possible to determine whether the practice is discriminatory, merely potentially so.

The focus for recruitment was practice, rather than policy. Therefore, to try to ensure respondents reported current actual practice, questions about recruitment were restricted to establishments which had tried to recruit in the last five years. This means that some may have reported practice prior to the EE(A)R. This excluded 12 per cent of the sample (where either no recruitment had been conducted or respondents did not know if it had). In order to reduce the problem of respondents replying in generalities (or restricting their response

to selected, but unstated, groups only), respondents were asked about the largest occupational group and, to ensure adequate coverage of managers or senior officials, ten per cent of the sample were randomly selected to be asked about this group. Whether responses referred to the largest occupational group or the ten per cent randomly selected to describe practice for managers and senior officials, the occupations are referred to as the largest occupational group (see Section 1.5).

88 per cent had recruited or tried to recruit in the last five years.

This chapter looks at various aspects of recruitment. Section 4.2 examines recruitment processes, including the use of age in advertisements and the provision of age information to recruiters. The next section describes the use of maximum recruitment ages. Age and age-related selection characteristics are then discussed in Section 4.4. Finally, the chapter turns to whether age affects starting salaries for those recruited (Section 4.5).

4.2 Recruitment: the recruitment process

Two aspects of the recruitment process were examined: the inclusion of age in recruitment adverts and whether selectors were provided with age information. Obviously, an applicant's approximate age can be estimated from other information they provide and from their appearance. However, it is still useful to know the extent to which the application process presents selectors with age data directly.

Eighty-eight per cent of establishments had tried to recruit to the largest occupational group in the previous five years (Table 4.1). Two per cent normally included a preferred age range in their advertisements. This compares with six per cent in 2006.

Table 4.1 Recruitment process, largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments recruiting in previous five years	% establishments	% establishments recruiting in previous five years
Tried to recruit in the previous five years	88	100	89	100
Normally include preferred age range in advert	2	2	6	6
Ask for age/dob at some stage of application process	37	42	64	72
Age data seen by recruiters	25	28	44	50
No recruitment in the previous five years	12	-	11	-
<i>Base</i>	<i>2205</i>	<i>1934</i>	<i>2087</i>	<i>1919</i>

Only two per cent of establishments specified age in recruitment advertising, compared with six per cent in SEPPP1. Thirty-seven per cent of establishments sought information on age in the recruitment process. However, this may include collection for legitimate human resource practices, including monitoring,

or to meet legal requirements (e.g. in jobs involving the sale of alcohol), and may not play a role in recruitment itself. Nevertheless, one quarter of establishments made age information available to recruiters. This is a substantial decline from 2006, when almost twice as many establishments sought age information and made it available to recruiters.

In general, age (or date of birth) was more often asked for manual staff and for less skilled staff:

- Caring, leisure and personal service staff (57 per cent), Routine unskilled (54 per cent) and Sales and customer service staff (51 per cent), followed by Process, plant and machine operatives and drivers (45 per cent) and Skilled trades staff (40 per cent).
- This compares with Professionals (35 per cent), Associate professional and technical staff (34 per cent) and Managers and senior officials (25 per cent).
- However, age information was sought in recruitment for only 25 per cent of Administrative and secretarial staff.

A similar pattern was found for whether recruiters saw age information, although caring, leisure and personal service staff (42 per cent) stood out as particularly high. These occupations include those involving the sale of alcohol, so in some cases the collection of information on age may reflect legal requirements.

4.3 Maximum recruitment age

Fifteen per cent of establishments which had recruited in the previous five years had a maximum recruitment age for their largest occupational group¹⁵ (Table 4.2). Most commonly the maximum was 65 (ten per cent of all establishments), followed by 60 (two per cent of all establishments).

The EE(A)R allows employers to set a maximum retirement age up to six months below the DRA (or a legally set earlier compulsory retirement age). It allows a younger maximum if objectively justified. In total, four per cent had a maximum recruitment age below 64.5 years. This suggests that, at most, four per cent of establishments may have been operating a maximum recruitment age unlawfully. These figures show little change since 2006.

The survey suggests the influence of retirement on maximum recruitment age. Firstly, those with a normal retirement age were much more likely to have a maximum recruitment age (27 per cent of establishments with a normal retirement age had a maximum recruitment age compared with 15 per cent of all establishments). Secondly, almost one third of those with a normal retirement age did not report they had a maximum recruitment age when asked this question: it was only when they were then asked whether they recruited over their normal retirement age that a maximum was identified. The clustering of the maximum recruitment age at 65 and 60 further suggests the influence of retirement on recruitment.

¹⁵ The total is likely to be higher than stated, as some may not consider they have a maximum age (and either recruit above their normal retirement or do not have a normal retirement age) but will not recruit beyond state pension age.

Process, plant and machine operatives and drivers were more likely than other occupations to have a maximum recruitment age (24 per cent).

It is interesting that some respondents did not think of not recruiting above their normal retirement age as meaning they had a maximum recruitment age. This has a number of implications. Firstly, it suggests a lack of consideration of the possibility of working beyond the retirement age: that the idea of retirement is so embedded that some do not recognise it. Secondly, it suggests that, perhaps, more employers have a maximum recruitment age, as it seems likely that some of those who did not state they had a maximum recruitment age and did not have a normal retirement age may not recruit people above state pension age. Finally, it suggests that researchers should not rely on stated maximum ages.

Table 4.2 Maximum recruitment age for the largest occupational group

	% establishments		% establishments recruiting in previous five years	
	all	with normal retirement age	all	with normal retirement age
Has a maximum recruitment age ^b	15	27	15	28
Stated had a maximum recruitment age	6	7	6	8
no stated maximum but does not recruit above normal retirement age	9	19	9	19
Don't know if maximum recruitment age	2	2	2	2
Maximum recruitment age				
Under 50 years old	1	*	1	*
50 – 59 years old	1	1	1	1
60 – 64 years old ^a	2	3	2	3
65 and older ^a	10	22	11	22
don't know age	1	1	1	2
No recruitment in the previous five years	12			
<i>Base weighted</i>	2205	954	1934	862
<i>Base unweighted</i>	2205	1158	2023	1085

^a Highly clustered at 60 and 65 respectively: For all establishments 10 per cent gave a maximum of 65 and two per cent gave a maximum of 60 (21 per cent and two per cent of those with a normal retirement age). The figures are the same for those recruiting in the last five years.

^b The total is likely to be higher than stated, as some may not consider they have a maximum age (and either recruit above their normal retirement age or do not have a normal retirement age) but will not recruit beyond state pension age.

4.4 Age and age-related recruitment characteristics

The survey examined the use of age and a selection of other age-related recruitment criteria. Some of these were potentially indirectly discriminatory, depending on their relationship with ability to do the job: qualifications (as qualifications, apart from for the youngest workers, tend to decline with age) and health or disability. One, potential service with the organisation, might be used as a proxy for age (period prior to retirement) or might be indirectly discriminatory, as turnover amongst young people and those very close to retirement tends to be higher than for other age groups. One was a proxy for age: implications for the pension fund.

4.4.1 Age

Irrespective of having a maximum recruitment age, ten per cent of establishments which had recruited in the previous five years said that age affected selection for the largest occupational group (Table 4.3). This was similar in 2006. Age affecting selection was more common for Process, plant and machine operatives and drivers (16 per cent), Skilled trades staff (14 per cent) and Caring, leisure and personal service staff (14 per cent).

Table 4.3 Selection criteria: age and age-related criteria for the largest occupational group

Factors affecting selection ^a :	SEPPP2		SEPPP1	
	% establishments	% establishments recruiting in previous five years	% establishments	% establishments recruiting in previous five years
Age	9	10	9	10
Expected length of service	43	48	43	49
require one year or less	18	20	20	23
require one to three years	11	12	9	10
require more than three years	6	7	4	5
don't know period required	8	9	10	11
Disability or health	29	32	23	26
Implications for pension fund	0	0	2	2
Qualifications	69	77	60	68
No recruitment in the previous five years	12	-	11	-
<i>Base</i>	<i>2205</i>	<i>1934</i>	<i>2087</i>	<i>1919</i>

^a multiple responses could be given

At the same time, 11 per cent said that there were some ages which counted against applicants and three per cent said some ages counted in favour of applicants. Those most often disadvantaged were the young and the old, with those over 60 (and, especially those over 65) and those under 22 (and,

especially, those under 18) most likely to find recruiters holding their age against them. This was similar in 2006.

Certain ages counting against applicants seemed to be more of a problem for manual and lower skilled (affecting 13 per cent to 16 per cent of each occupation) than for Professionals, Associate professional and technical staff and Administrative and secretarial staff (affecting five per cent of each group). The percentage for Managers and senior officials was the same as the average (ten per cent).

4.4.2 Other age-related criteria in selection

The study explored four other recruitment criteria which are potentially discriminatory: expected length of service, disability or health, implications for the organisation's pension fund and qualifications. Potential length of service might be expected to affect both young applicants (as turnover tends to be higher at the beginning of careers) and those nearing retirement. The shorter the period of service expected the smaller the potential for discrimination. Qualification requirements may be indirectly discriminatory because older people are less qualified than younger. However, where the qualifications are required for the job (and other criteria could not be used as substitutes), their use as a criterion is legitimate. The first three of these criteria are quite likely to be indirectly discriminatory, whilst the latter, qualifications, will often be justified.

Expected length of service was used as a recruitment criterion by almost half of those who had recruited in the last five years (48 per cent). The period considered was often less than one year (20 per cent), although 12 per cent required one to three years and seven per cent more than three years. These types of requirements will disadvantage people close to retirement age and may disadvantage young workers, whose turnover tends to be high. The overall pattern had not changed since 2006 although the proportion of respondents expecting three years or more service as a recruitment criterion was lower in 2009.

The way that respondents judged potential length of service included age-related criteria. Although 45 per cent (of establishments recruiting) judged from previous employment history and 28 per cent from the applicant's stated intentions, 16 per cent took into account the period before retirement and ten per cent age (Table 4.4). Time before retirement was less likely to be used as a criterion for judging potential length of service in 2009 than it had been in 2006.

Expected length of service was more often used for skilled trades staff (60 per cent) than other occupations and, for this occupation the use of time before retirement (24 per cent recruiting) and age (19 per cent recruiting) to judge this was also high. Expected length of service was least used for Professionals (36 per cent).

Table 4.4 Recruitment: how recruiters judge expected length of service for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments recruiting in previous five years	% establishments	% establishments recruiting in previous five years
Expected length of service is a recruitment criteria	43	48	43	49
How expected length of service is judged ^a :				
applicant's stated intention	25	28	33	37
previous employment history	40	45	39	44
time before retirement	15	16	18	21
age	9	10	7	8
likelihood of having children			6	7
No recruitment in the previous five years	12	-	11	-
<i>Base</i>	2205	1934	2087	1919

^a multiple response

Disability or health was taken into consideration by one third of those recruiting. This raises potential disability discrimination, as well as age discrimination. This was higher than in 2006. Its use was high for Process, plant and machine operatives and drivers (51 per cent), Skilled trades staff (50 per cent), Routine unskilled (45 per cent) and Caring, leisure and personal service staff (43 per cent) and low for Professionals and Administrative and secretarial staff (16 per cent each).

No employers reported taking the implications for the pension into account in their recruitment criteria. This may reflect the fact that many private sector employers have closed their defined benefit pension schemes to new entrants. The defined contribution schemes that new entrants join do not impose additional costs on employers if they recruit older workers, so that pension issues become less of a consideration in recruitment. Finally, qualifications were considered by 77 per cent of those who had recruited, a rise from 2006. Its use was high for Managers and senior officials (91 per cent), Professionals (93 per cent) and Associate professional and technical staff (87 per cent) and low for Sales and customer service (60 per cent) and Routine unskilled staff (53 per cent).

4.5 Age and starting salaries

To avoid discrimination in the setting of starting salaries, employers will need to avoid taking age or age-related factors into account (unless these can be objectively justified or, for length of service above five years, there is a reasonable business need). The influences considered in the survey were directly discriminatory (age) and potentially indirectly discriminatory (qualifications and current salary). Qualifications will be legitimate so long as the criterion is objectively justified. Current salary runs the risk of embodying previous age-related discrimination, where this has occurred.

Although age was the least frequent of these factors to be taken into account in setting the initial salary, it was an influence for the largest occupational group in 16 per cent of establishments recruiting (Table 4.5). Much of this was due to the use of young people's rates. These are permitted under the EE(A)R so long as the age banding mirrors those of the national minimum wage (i.e. 16-17, 18-21, 22 and over) and those aged under 22 are paid less than the adult rate minimum wage (Section 5.2, DTI, 2005). However, seven per cent of establishments recruiting used age outside the use of youth rates.

Table 4.5 Factors affecting recruit's starting salary for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments recruiting in previous five years	% establishments	% establishments recruiting in previous five years
Starting pay is influenced by:				
qualifications	55	53	42	47
current salary	43	43	42	47
age	15	16	13	15
young people's rates	9	9	-	-
other	5	6	-	-
both	1	1	-	-
No recruitment in the previous five years	12	-	11	-
<i>Base</i>	<i>2205</i>	<i>1934</i>	<i>2087</i>	<i>1919</i>

Multiple response

Age as an influence was most common for Sales and customer service staff (28 per cent). This was largely due to very high use of young people's rates (21 per cent, compared with the average of nine per cent). Age was also more commonly used for Skilled trades staff (21 per cent). It was least common for Administrative and secretarial staff (six per cent) and for Process, plant and machine operatives and drivers (seven per cent).

Starting pay was influenced by qualifications for 53 per cent of those recruiting and current salary 43 per cent. Current salary was more often taken into consideration for Managers and senior officials (67 per cent) and for Professionals (61 per cent) and for other non-manual jobs (53 or 54 per cent each). For Skilled trades staff it was used by 44 per cent. For other manual and low skilled occupations, it affected starting salary for 28 per cent each, except for Routine unskilled staff (16 per cent).

There has been little change since 2006.

4.6 Recruitment: summary

The study examined selected recruitment policies and practices which might result in discrimination. SEPPP1, which looked at a greater range of policies and practices, can be referred to for more details. As recruitment policies and practices vary across jobs, the data relate to the largest occupational group. All

percentages are of the 88 per cent of establishments which had had experience of recruitment in the previous five years.

4.6.1 Recruitment process

In the recruitment process:

- two per cent of establishments normally included a preferred age range in their advertisements;
- 42 per cent sought information on age in the recruitment process; and
- 28 per cent made age information available to recruiters.

Age data were more often sought for manual staff and for less skilled staff, than for administrative, technical, professional and managerial.

The use of a preferred age range in advertisements is unlawful (unless the age is six months below the DRA (or an objectively justified lower retirement age) or higher) or objectively justified. Although age may be discernible without explicit information being sought and provided to recruiters, the provision of age information to recruiters suggests, at best, a lack of action against age discrimination (through a lack of revision of documentation) and at worst, a belief that age matters.

4.6.2 Maximum recruitment age

Fifteen per cent of establishments had a maximum recruitment age. For 11 per cent the maximum was 64.5 or older, for four per cent it was under 64.5. A maximum age under 64.5 is unlawful unless this age is no more than six months younger than an objectively justified lower retirement age or the use of age is otherwise objectively justified. Process, plant and machine operatives and drivers were more likely than other occupations to have a maximum recruitment age.

Employers with a normal retirement age were more likely to have a maximum recruitment age (28 per cent). The pattern of maxima suggested the continuing influence of retirement age on recruitment.

4.6.3 Age and age-related recruitment characteristics

Irrespective of having a maximum recruitment age, ten per cent of establishments said that age affected selection. This was more common for process, plant and machine operatives and drivers, skilled trades staff and caring, leisure and personal service staff. Those disadvantaged were at the young end (under 22 and, especially under 18) and the older end (over 60 and, especially, over 65).

Other, potentially age-related criteria used included:

- expected length of service (48 per cent), judged by age by ten per cent and time to retirement by 16 per cent. The period considered was often less than one year, although 12 per cent required one to three years and seven per cent more than three years. Expected length of service disadvantages people close to retirement age and

- Disability or health was taken into consideration by one third of those recruiting. This raises potential disability discrimination, as well as age discrimination. This was higher than in 2006.

No employers reported taking the implications for the pension into account in their recruitment criteria. This may reflect the fact that many private sector employers have closed their defined benefit pension schemes to new entrants.

4.6.1 Age and starting salaries

Starting salaries were influenced by:

- age (other than young people's rates) for seven per cent of establishments, particularly for Skilled trades staff;
- age (young people's rates) for ten per cent of establishments, particularly for Sales and customer service staff;
- current salary for 43 per cent of establishments, particularly for non-manual jobs, especially for Managers and senior officials and Professionals.

Age, other than young people's rates, is unlawful unless objectively justified. Young people's rates are lawful, so long as they conform to certain criteria or are objectively justified. Current salary runs the risk of embodying previous age-related discrimination, where this has occurred.

4.6.2 Changes since 2006

The explicit use of age in the recruitment process has declined substantially since 2006: seeking age information has reduced from 72 per cent to 42 per cent (of those with recent recruitment experience) and recruiters seeing age data has fallen from 50 per cent to 28 per cent. The proportion of recruitment advertisements specifying age has now fallen to two per cent. These changes do not prevent age being used as a recruitment criterion, but they may indicate a change in approach to age or recognition that it is not a lawful criterion (unless objectively justified).

However, there had been few changes in the use of age and expected length of service as a selection criterion. There was a decline in the proportion of establishments wanting three years' service or more from new recruits and a decline in the use of time to retirement as a method of judging potential length of service. The use of disability and health as a selection criterion has grown, raising potential disability discrimination, as well as age discrimination issues.

Little change was identified in the use of age or other age-related criteria in setting starting salaries.

5 Pay, pensions and other benefits

5.1 Introduction

Age discrimination has been an accepted, institutionalised aspect of pay and benefit (including pensions) systems. Age criteria have been used formally by employers (for example, affecting the point to which a recruit was appointed on a pay scale and access to other benefits) and by the state (for example, youth pay rates and redundancy benefit criteria). Basing pay on factors which are related to age (most notably length of service) has also been standard and can result in indirect age discrimination¹⁶. Other practices may have been less generally acceptable (e.g. basing pay in part on judgements about employees' needs varying with their age or the likelihood of leaving).

The Employment Equality (Age) Regulations 2006 prohibited most age discrimination in respect of pay and other benefits. The most important exceptions were:

- length of service of five years or less is exempted in the regulations in respect of employment benefits (Section 5.1.9, DTI, 2005);
- the standard of justification required for additional benefits based on length of service above five years is lower than for other age-based provisions (Section 33, Employment Equality (Age) Regulations 2006);
- length of service requirements which mirror a similar requirement in a statutory benefit are exempt (Section 5.1.9, DTI, 2005);
- 'young people's rates' where the age banding mirrors those of the national minimum wage (i.e. 16-17, 18-21, 22 and over), so long as those aged under 22 are paid less than the adult rate minimum wage (Section 5.2, DTI, 2005).

The following describes the incidence of age-related aspects of pay and other benefits systems and criteria which may fall foul of the EE(A)R.

5.2 Pay

The survey examined age-related and potentially age-related pay criteria, payment systems (specifically incremental and performance pay) and the use of youth rates.

Whilst the systems examined are not innately discriminatory, the criteria used may be discriminatory or the system may affect the likelihood of discrimination.

¹⁶ Other potentially indirectly discriminatory criteria include payment for qualifications (as earlier cohorts tend to have fewer qualifications) and period of experience criteria.

Criteria may be directly discriminatory (for example, age) or, potentially, indirectly discriminatory because the criterion affects age groups differently (e.g. length of service, qualifications, length of experience). However, a differential age impact alone does not mean a criterion is discriminatory: the criterion also needs to be unnecessary. For example, older people tend to have fewer qualifications and so demanding qualifications unnecessarily (and not accepting experience as an alternative) would be discriminatory, but demanding qualifications essential to the performance of the job would not be discriminatory. At the same time, the greater degree of discretion within a system, the more that system allows for individual discriminatory decisions. Apart from systems or criteria directly linking age and pay, it is not possible from the survey to determine whether an approach is discriminatory. Instead, we can point to practices which might be discriminatory.

The payment systems and criteria relate to the establishment's largest occupational group, as payment systems and criteria are likely to differ across occupations within establishments. The concentration on largest occupational groups enables practices to be described by occupation, but not, usefully, by characteristics of the establishment such as size and sector.

5.2.1 Pay criteria

In one third of establishments all employees in the largest occupational group were paid the same, leaving no scope for pay discrimination within this occupation (Table 5.1). This practice had increased since 2006 when it was 27 per cent. The most common pay criteria were merit/performance (45 per cent of establishments for the largest occupational group), years of relevant job experience (42 per cent) and formal qualifications and the completion of training courses (36 per cent). These are criteria which often have a direct link to job capability, productivity and performance and, although they may also be related to age, need not be discriminatory.

Table 5.1 Selected criteria affecting pay for the largest occupational group

	SEPPP2	SEPPP1
	% establishments	% establishments
Pay differs within the selected occupation	64	71
Selected factors affecting pay ^a :		
individual merit pay/performance pay (i.e. related to a subjective assessment)	)	33
pay based on objective measures of output (e.g. payment by result)	) 45	26
years of relevant job experience	42	41
formal qualifications and completion of training courses	36	33
length of service	28	41
age	11	-
age: youth rates	10	11
age: other than youth rates	1	5
likelihood of leaving/need to retain	4	16
Pay is the same for all in selected occupation	33	27
Don't know if pay varies	3	
<i>Base</i>	2205	2087

^a Multiple response

Length of service was used in 28 per cent of establishments for the largest occupational group. Whilst length of service has a direct relationship with age, length of service increases which take five years or less to reach the maximum are exempt under the Employment Equality (Age) Regulations 2006 and longer periods are lawful if there is a reasonable business need. (Length of service progression is examined in more detail for incremental pay scales below). Age was a pay criterion for the largest occupational group in eleven per cent of establishments. For most (ten per cent of all establishments) this was because of the use of youth rates, which, with certain restrictions, can be lawful under the EE(A)R (discussed further below). However, one per cent of establishments used age as a criterion outside of youth rates. This would be unlawful unless proven to be a proportionate means of achieving a legitimate aim. In four per cent of establishments pay was affected by perceived likelihood of leaving, a factor indirectly linked to age, due to differential turnover by age and, probably, by expectations of turnover of those close to retirement.

There have been some changes since 2006. The use of age other than youth rates has fallen from five per cent of establishments to only one per cent. The use of incremental scales of any kind has fallen from 36 per cent to 22 per cent. The use of length of service as a criterion for advancement within incremental scales has halved from 21 per cent to 11 per cent of establishments. The use of likelihood of leaving as a criterion for setting pay has also fallen from 16 per cent of establishments to four per cent.

Variation in pay was more common for Managers and senior officials, Professionals and Associate professional and technical staff (with fewer than one quarter receiving the same pay across the job); it was less common for most manual and low skilled (Caring, leisure and personal service staff, Sales

and customer service staff, Process plant and machine operatives and drivers and Routine unskilled staff) with between 44 per cent and 54 per cent in each occupation paying the same across the job).

Length of service was more likely to affect pay Professionals (47 per cent) and Associate professional and technical staff (36 per cent) and less likely for Process plant and machine operatives and drivers (13 per cent) and Routine unskilled staff (11 per cent).

5.2.2 Merit and performance pay

Forty-five per cent of establishments used merit or performance pay for their largest occupational group.

The scope for discrimination depends on both the nature of the performance pay system (whether it is based on objective factors, such as payment by result, or subjective) and, if subjective, the quality of the systems affecting objectivity. For this reason employers were asked whether employees' performance was formally appraised. Three-quarters of those with merit or performance pay had formal performance appraisal for all staff and eight per cent had it for some staff (Table 5.2). Whether this eight per cent used it for the largest occupational group was not identified. Therefore, potentially between 17 to 25 per cent of those with performance or merit pay (or eight to eleven per cent of all establishments) did not have formal appraisal for judging pay for their largest occupational group. However, the actual percentage will be smaller as some of these will use pay based on objective measures (e.g. payment by result)¹⁷.

¹⁷ SEPPP1 collected more details than SEPPP2 on performance appraisal. SEPPP1 found that only half of those with formal performance appraisal used this to assess pay increases. However, this proportion is similar to those using performance-related pay and so it seems likely that nearly all, and possibly all, those with performance appraisal and performance pay, use the former to assess the latter.

Table 5.2 Process for assessing individual performance for pay for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments with merit/performance pay	% establishments	% establishments with merit/performance pay
Establishment has merit or performance pay	45	100	33 ^a	100 ^a
Establishment has a formal performance appraisal	-	-	18	55
for all staff	33	75	-	-
for some staff	3	8	-	-
Establishment does not have a formal assessment process for merit or performance pay	8	17	15	44
Don't know type of assessment process	*	*	*	1
Establishment does not have merit or performance pay	56	-	67	-
<i>Base</i>	<i>2205</i>	<i>983</i>	<i>2087</i>	<i>689</i>

^a Merit or performance based on a subjective assessment only (i.e. excluding objectively assess performance, such as payment by result.)

Merit pay and performance pay was particularly common for Professionals (57 per cent) and for Associate professional and technical staff (63 per cent); it was uncommon for Caring, leisure and personal service staff, Process plant and machine operatives and drivers and Routine unskilled staff (25 per cent to 27 per cent each)

In 2006, 33 per cent of establishments used merit or performance pay based on a subjective assessment. Of these 44 per cent did not use formal appraisal for assessing pay. This suggests that the process for assessing performance and merit pay has become more objective and so, the scope for discrimination is likely to have reduced.

5.2.3 Incremental pay systems

Twenty-two per cent of establishments used incremental pay scales for their largest occupational group (Table 5.3). Incremental pay scales are not inherently discriminatory (nor unlawful), but the criteria for increments may be. The survey collected data on three types of criteria for increments: merit, length of service and age.

Table 5.3 Incremental pay scales and criteria, largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments with incremental scales	% establishments	% establishments with incremental scales
Pay varies across individuals in the largest occupational group	64	-	71	-
Uses incremental scales	22	100	36	100
Criteria for increments ^a :				
merit	16	71	20	55
length of service	11	51	21	57
age	1	4	-	-
All employees in the largest occupational group are paid the same	33	-	27	-
Don't know whether pay varies or not	3	-	-	-
<i>Base, weighted</i>	2205	492	2112	771
<i>Base, unweighted</i>	2205	617	2087	935

^a Multiple response

Sixteen per cent of establishments had incremental pay scales with increments based on merit. (See previous section for discussion of merit pay.) Eleven per cent of establishments had incremental pay scales with increments based on length of service. One per cent had incremental pay scales with increments based on age. The latter would be unlawful, except where the increment occurred when moving to a higher age young person's band or on to adult rates or if it were proven to be a proportionate means of achieving a legitimate aim.

Length of service increments are lawful so long as they cease within five years or, if longer, it reasonably appears to the employer to satisfy a business need. Forty-three per cent of those with length of service criteria for increments (five per cent of all establishments) normally continued increments beyond five years (Table 5.4).

Compared with 2006, the use of incremental pay scales for the largest occupational group had fallen, from 36 per cent to 22 per cent of establishments (Table 5.3). The use of length of service criteria had fallen to a greater extent, although use of length of service above five years was unchanged at five per cent of all establishments (Table 5.4).

Incremental pay scales were more common for Professionals (44 per cent) and Associate professional and technical staff (31 per cent). They were rare for Routine unskilled staff (eleven per cent) and Sales and customer service staff (13 per cent). Merit-based increments were disproportionately used for Professionals (28 per cent) and Associate professional and technical staff (27 per cent). Length of service-based increments was only highly used for Professionals (20 per cent) and this was the only group where increments based on length of service normally continued for more than five years.

Table 5.4 Incremental pay scales: time normally taken to reach the end of length of service increments for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments with length of service increments	% establishments	% establishments with length of service increments
Establishments with length of service increments	11	100	21	100
Normal time to reach end of length of service increments:				
five years or less	6	48	12	59
more than five years	5	43	5	26
don't know	1	9	3	15
Establishments without length of service increments	89	-	80	-
<i>Base, weighted</i>	2205	251	2112	433
<i>Base, unweighted</i>	2205	334	2087	545

5.2.4 Young people's rates

The Employment Equality (Age) Regulations 2006 allow the use of young people's rates, subject to certain restrictions. The age bands must match the National Minimum Wage (NMW) age bands (i.e. under 18, 18-21, 22 and over). However, rates within an age band may vary if this can be objectively justified. Employers may only pay those under 22 less than those aged 22 and over if those under 22 receive less than the adult minimum wage. Similarly, employers are able to pay employees aged under 18 less than those aged 18 to 21, so long as those aged under 18 are paid less than the adult minimum wage.

Ten per cent of establishments had young people's rates (Table 5.5). Nearly all young people's rates applied to employees aged under 22, with maximum youth rates most commonly at age 18 and age 21. Five per cent had a maximum (at 18, 19, 20 or over 22) which did not match the NMW age bands. Unless these different bands are objectively justified, this suggests these establishments may be breaking the EE(A)R. Minimum ages tended to be below 18 (Table 5.6). Young people's rates were most often used for Skilled trades staff (20 per cent).

Table 5.5 Youth rates and other age-pay rates for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments with youth rate	% establishments	% establishments with youth rate
Pay differs within the selected occupation	64		71	
age (other than youth rates)	1		5	
age: youth rate	10		11	
Pay is the same for all in selected occupation	33		27	
Don't know if pay varies	3			
Has a youth rate for the largest occupational group	10	100	11	100
Maximum age for the youth rate:				
17 and under	*	2	1	8
18	3	30	3	29
19 or 20	1	13	1	11
21	3	33	2	22
22 and over	1	15	*	3
Don't know	1	12	3	27
Does not have a youth rate for the largest occupational group		-	89	-
<i>Base</i>	2205	218	2087	213

^a Some had more than one youth rate

Table 5.6 Minimum age of youth rate for the largest occupational group

	% establishments	% establishments with youth rate
Has a youth rate for the largest occupational group	10	100
Minimum age for the youth rate:		
17 and under	8	78
18	2	21
19 or 20	)	3
21	)1	2
22 and over	)	2
Don't know		*
Does not have a youth rate for the largest occupational group		-
<i>Base</i>	2205	218

^a Some had more than one youth rate

5.3 Pensions

Pensions are intrinsically age discriminatory, having age criteria for receipt of pensions, together with many other aspects of membership criteria (e.g. age or length of service) and benefits. However, they serve a very important purpose, facilitating retirement and reducing poverty in old age. In respect of discrimination regulations, the European Directive allows Member States to exempt certain aspects of occupational pensions from age legislation, namely:

- the fixing of ages for admission or entitlement to occupational pensions, including the fixing of different ages for employees or groups or categories of employees; and
- the use of age criteria in actuarial calculations. (DTI, 2005, paragraph 7.3.)

The complexity of individual pensions and the variety of provision by employers meant that the survey had to be confined to selected aspects of pensions only¹⁸. Moreover, the Department for Work and Pensions (DWP) has a dedicated annual employer pensions survey¹⁹ which provides far more details than were possible in this survey. Therefore this study focused on occupational pension schemes where the employer contractually accepts the obligation to make contributions to a fund as part of the employee's remuneration package, and may also accept responsibility for any actuarial deficit in the pension fund. The emphasis was on employer-sponsored schemes rather than schemes available on the open market (such as stakeholder pensions or group personal pensions) where the employer may make a contribution to the fund, but does not have any wider responsibilities. These schemes are more likely to link to employers' normal and compulsory retirement, through restrictions on accrual and age of starting to draw a pension. It is less likely that there would be age limitations for other pension schemes where an employer makes a contribution, as these schemes generally provide benefits which reflect the actual contributions made. Thus these schemes do not impose obligations on employers other than to make agreed contributions. This makes it less likely that employers will restrict access to membership and it is less likely that schemes themselves will impose age limits.

5.3.1 Availability of employer-supported pension schemes

Sixty-six per cent of establishments had a pension scheme, to which the employer contributed, with 85 per cent of employees working in such establishments (Table 5.7)²⁰. There had been little change in the percentage of establishments providing pension schemes since 2006.

¹⁸ Both to enable respondents, who were rarely pension experts, to be able to answer the questions and also due to limitations of space.

¹⁹ See Forth and Stokes (2009) for the latest report of the Employers' Pension Provision Survey.

²⁰ Note that all employees may not be entitled to join the pension scheme. In SEPPP1 84 per cent of establishments with an employer-supported pension allowed all staff to join. Eligibility rules tended to be standardised for those entitled to join (86 per cent of establishments with schemes).

Just over one quarter (27 per cent) of employers offered an occupational pension scheme²¹ and almost one third (32 per cent) contributed to other types of pensions²². However, in terms of the percentage of employees in establishments, 42 per cent of employees were in establishments with an occupational scheme compared with 37 per cent in establishments with other types of pensions²³. Less than half of occupational schemes were final salary (12 per cent), although more employees worked in establishments with final salary than other schemes (29 per cent and 17 per cent respectively).

Table 5.7 Employer pension schemes

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Pension scheme to which employer contributes	66	85	63	81
No pension scheme to which employer contributes	32	15	37	18
Don't know	1	1	1	1
Type of pension scheme				
Occupational pension scheme	27 ^a	42 ^b	-	-
final salary	12	29	-	-
not final salary	15	17	-	-
both final salary and other	2	5	-	-
don't know if final salary	2	2	-	-
Pension other than occupational	32	37	-	-
Don't know if occupational pension scheme	7	6	-	-
<i>Base</i>	<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

^a Includes six per cent with more than one occupational scheme.

^b Includes 14 per cent with more than one occupational scheme.

Pension scheme provision varied across types of establishments.

- Availability grew with organisational size: 51 per cent of small organisations had a scheme, 78 per cent of medium-sized organisations (50-249) and 90 per cent of larger organisations (250 and more) had schemes. Occupational pension schemes were concentrated amongst larger organisations: 15 per cent of small organisations had a scheme, 23 per cent of medium-sized organisations (50-249) and 54 per cent of organisations with 250 to

²¹ Occupational pensions were defined as pensions set up by individual employers or groups of employers for the benefit of their employees. They are sometimes known as salary-related or money purchase schemes. Employers make contributions to the scheme and cover the administration costs. Employees may or may not make contributions to the scheme.

²² These included personal pensions, group personal pension and stakeholder pension arrangements.

²³ Although, as previously noted not all employees may be entitled to join their scheme.

9,999 employees. However, only 46 per cent of those with 10,000 employees or more had an occupational scheme. Final salary schemes were provided by almost one third of those with 250 employees or more nine per cent of medium-sized organisations and four per cent of small.

- Public sector establishments were most likely to have a pension scheme (88 per cent), compared with the voluntary sector (74 per cent) and the private sector (60 per cent). Public sector establishments were particularly likely to have occupational and final salary schemes (48 per cent and 38 per cent respectively), compared with the voluntary sector (30 per cent and 11 per cent) and the private sector (21 per cent and five per cent).
- Nearly all establishments in Public administration and defence and Education had a pension scheme (100 per cent and 91 per cent respectively). These were the only industries with a relatively high percentage of occupational schemes (72 per cent and 45 per cent respectively) and final salary schemes (62 per cent and 39 per cent respectively). Over three-quarters of establishments in Financial intermediation had pension schemes. Hotels and restaurants and Construction were the only industries much below average (54 per cent and 55 per cent respectively). In industries other than Public administration and defence and Education, occupational schemes were available in 18 to 30 per cent of establishments and final salary schemes in four to 13 per cent of industries. Occupational schemes were least available in Construction (18 per cent), manufacturing (20 per cent) and Real estate, renting and business activities (21 per cent).
- Establishments where the organisation was wholly-based in the UK were least likely to have a pension scheme (63 per cent), compared with at least 85 per cent of other organisations. Those with a UK Head Office (and with offices outside the UK) (39 per cent) or a Head Office elsewhere in Europe (38 per cent) were more likely to have an occupational schemes.
- Establishments with a recognised Trade Union were much more likely to have a pension scheme (93 per cent, compared with 58 per cent of without a recognised Trade Union). Similarly, they were much more likely to have occupational scheme (53 per cent compared with 19 per cent respectively) and a final salary scheme (36 per cent and five per cent respectively)
- Establishments with compulsory retirement (for at least some staff) more likely to have a pension scheme (76 per cent, compared with 62 per cent of with no compulsory retirement), an occupational scheme (38 per cent and 22 per cent respectively) and a final salary scheme (21 per cent and nine per cent respectively).
- Establishments with an equal opportunities policy which addressed age were most likely to have a pension scheme (74 per cent), an occupational pension scheme (33 per cent) and a final salary

scheme (17 per cent), compared with those with an equal opportunities policy which did not explicitly cover age (61 per cent, 24 per cent and six per cent respectively) or without an equal opportunities policy (47 per cent, 13 per cent and three per cent).

- The likelihood of having a pension scheme tended to decline with the percentage of young employees (from 76 per cent to 58 per cent), except for those with no employees aged under 25 (63 per cent). There were similar patterns for occupational and final salary schemes. Provision of a pension scheme, occupational schemes and final salary schemes was lower in establishments with fewer than five per cent of employees aged over 50. Those which employed someone over state pension age were more likely to have a pension scheme (72 per cent compared with 60 per cent), an occupational scheme (31 per cent compared with 22 per cent) and a final salary scheme (17 per cent compared with eight per cent).

5.3.2 Age restrictions on accrual

Maximum ages for pension accrual are of interest from two stances. Firstly, whether older employees are unable to continue to accrue pensions (which would be age discriminatory, although not unlawful) and, secondly, because employers have mentioned pension costs as a cost of raising or removing the DRA.

Half of respondents with occupational pension schemes did not know whether there was a maximum age at which members could accrue pensions. Of the remainder (i.e. of those which knew the maximum age), more than half had no maximum, a quarter allowed accrual to 65, whilst 14 per cent allowed accrual after 65. Very few restricted accrual before 65.

Table 5.8 Occupational pension scheme: age limitations on accrual

	% establishments	% establishments with occupational pension scheme	% employees
Has an occupational pension scheme	27	100	42
Maximum age for pension accrual			
under 55	*	*	*
55-59	*	1	*
60-64	*	1	*
65	4	13	6
over 65	2	7	4
no maximum	7	27	12
don't know	14	52	18
<i>Base weighted</i>	2205	599	2205
<i>Base unweighted</i>	2205	864	2205

^a Multiple response

5.3.3 Age at which pension may be drawn

Most occupational schemes gave some flexibility over the age at which the pension was drawn. Around one third had an age range over which the pension could start to be drawn, whilst a similar percentage had no maximum age (Table 5.9). The remaining third had a single age. However, in terms of employees working in establishments with these arrangements, the highest percentage worked in establishments with an age range and the lowest with no maximum age.

Table 5.9 Occupational pension scheme: flexibility over age at which pension can be drawn

	% establishments		% employees
	all	with occupational pension scheme	
Has an occupational pension scheme ^a	27	100	42
Single age at which can draw pension	8	28	15
Age range at which can draw pension	8	30	20
Open-ended when can draw pension	8	29	7
Don't know	5	19	4
No scheme/don't know if scheme	73	-	58
<i>Base weighted</i>	<i>2205</i>	<i>599</i>	<i>2205</i>
<i>Base unweighted</i>	<i>2205</i>	<i>864</i>	<i>2205</i>

^a multiple response

Amongst those with an occupational pension scheme, whether the pension could normally be drawn at a single age, across an age range or was open-ended varied with characteristics.

- Having an age range grew with organisational size, from 17 per cent to 50 per cent. Open-ended arrangements were most common amongst small organisations (39 per cent) and least common amongst those with 250-999 employees.
- Age ranges were more common in the Public sector (43 per cent) compared with the Private sector (23 per cent); open-ended arrangements were less common in the Public sector (22 per cent) compared with the Private sector (34 per cent).
- Establishments with a recognised Trade Union were more likely to have an age range (41 per cent) and less likely to have an open-ended arrangement (25 per cent) compared with those without a recognised Trade Union (20 per cent and 33 per cent respectively).
- Establishments with compulsory retirement (for at least some staff) were more likely to have an age range (36 per cent), but less likely to have an open-ended arrangement (25 per cent) than those with no compulsory retirement (26 per cent and 35 per cent respectively).

- Establishments with an equal opportunities policy which addressed age were much more likely to have an age range (35 per cent) and less likely to have an open-ended arrangement (25 per cent) than those with an equal opportunities policy which did not explicitly cover age (eight per cent and 43 per cent respectively) or without an equal opportunities policy (15 per cent and 46 per cent respectively).
- The likelihood of having an age range declined with the percentage of young employees (from 36 per cent to 19 per cent), except for those with no employees aged under 25 (25 per cent). Those with no employees aged under 25 were more likely than other establishments to have an open-ended scheme (42 per cent). Those which employed someone over state pension age were more likely to have an age range (36 per cent) and less likely to have an open-ended arrangement (26 per cent) than those who did not employ someone over state pension age (22 per cent and 35 per cent respectively).

The youngest age at which occupational pensions could normally be drawn was 55-59 (22 per cent of those with an occupational scheme) or 60-64 (21 per cent of those with an occupational scheme). Nearly all within these age bands was at 55 or 60. Some (13 per cent of those with a scheme) did allow pensions to be drawn before age 55 (normally from 50), whilst some restricted access until age 65 (eleven per cent of those with a scheme) (Table 5.10). However, one third of respondents did not know the lowest age.

Table 5.10 Occupational pension scheme: normal age at which pension can start to be drawn

	% establishments		% employees
	all	with occupational pension scheme	
Has an occupational pension scheme ^a	27	100	42
Lowest age at which members may normally draw an occupational pension ^b			
under 55	4	13	8
55-59	6	22	11
60-64	6	21	10
65	3	11	3
don't know	9	34	9
Highest age at which members may normally draw an occupational pension ^b			
under 55	1	2	2
55-59	1	5	1
60-64	2	7	5
65	5	20	12
over 65	1	3	3
open-ended	8	29	7
don't know	9	34	13
<i>Base weighted</i>	2205	599	2205
<i>Base unweighted</i>	2205	864	2205

^a multiple response

^b within each range, nearly all were at 50, 55, 60 respectively.

The largest proportion of employers did not have a maximum age at which occupational pensions had to start being drawn. Most of those that did were at 65, although a significant minority had a younger maximum age for starting the pension.

The youngest age at which an occupational pension could normally be drawn was more often below 65 for

- larger organisations than for smaller
- public sector than private sector
- establishments with Trade Union recognition than without

5.4 Sick pay and other benefits

Other benefits may have age or length of service criteria for entitlement and these are examined below, first sick pay and then other type of benefits.

5.4.1 Sick pay

Sixty-six per cent of establishments had sick pay in excess of statutory requirements and this was normally an entitlement for all staff (Table 5.11). Sixty-two per cent of employees were entitled to sick pay in excess of statutory requirements, with a further 19 per cent working in establishments where at least some employees were entitled to this (with, in total, 82 per cent of employees in establishments where there was some sick pay exceeding statutory requirements).

Table 5.11 Sick pay above statutory requirements

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Has sick pay exceeding statutory requirements	66	82	69	83
Entitlement for all staff	50	62	57	70
Entitlement for some staff	16	19	13	13
Has maximum age for additional sick pay	1 ^{a, b}	1 ^{a, c}	6 ^d	7
No sick pay exceeding statutory requirements	31	16	28	15
Don't know if sick pay exceeds statutory requirements	4	2	3	2
<i>Base</i>	2205	2205	2087	2087

^a Maximum ranged from aged 35 to aged 70 ^b half had maximum age of under 65 ^c Maximum was mainly at age 65 ^d Maximum ranged from aged 60 to aged 70, with almost all aged 65.

Age rarely affected eligibility for sick pay in excess of statutory requirements, with only one per cent of establishments (employing one per cent of employees) having a maximum age for sick pay²⁴. However, the use of age in this context is unlawful unless proven to be a proportionate means of achieving a legitimate aim. The maximum age was under 65 for half of these establishments²⁵.

²⁴ SEPPP1 also examined minimum ages and the effect of age on sickness benefit. Only two per cent of establishments, covering three per cent of employees had a minimum age. The minimum ranged from 16 to 21. Age affected the level of sickness benefits in only one per cent of establishments, covering two per cent of employees.

²⁵ SEPPP2 did not examine length of service requirements for eligibility for sick pay, as SEPPP1 had found that only one per cent of those providing sick pay had a length of service eligibility requirement exceeding five years (equal to less than 0.5 per cent of all establishments, covering one per cent of all employees). In total almost half of establishments with sick pay in excess of statutory requirements had length of service requirements but about two-thirds of these were for six months or less and so of little interest in respect of the EE(A)R.

The costs of sick pay in excess of statutory requirements have been cited as a reason to not employ older people and a potential cost to employers if the DRA was raised or removed. Therefore, a decline in the provision of sick pay above statutory requirements might be expected due to the EE(A)R itself or due to anticipation of changes to the DRA.

Comparing SEPPP1 and SEPPP2, there appears to have been a slight shift in provision, with fewer providing sick pay above the statutory minimum to all staff and more providing it for some staff. However, whether this results in fewer eligible staff is unclear, as it depends on the per cent eligible when it is not an entitlement for all. There was a fall in the proportion of establishments with a maximum age for additional sick pay from six per cent in SEPPP1 to only one per cent in SEPPP2. The percentage of establishments reporting changes to sick pay in excess of statutory requirements due to the EE(A)R was very small: two per cent (covering one per cent of employees) said they had stopped providing it and two per cent (covering three per cent of employees) had changed eligibility rules (Table 5.12). The eligibility changes (made by less than 0.5 per cent each) included introducing a maximum age, changing the maximum age, increasing length of service requirements and reducing length of service requirements. However, these figures may underestimate changes to sick pay above the statutory minimum as a further five per cent of establishments which had got rid of enhanced sick pay did not know if this was because of the EE(A)R and seven per cent of establishments which had enhanced sick pay did not know whether their sick pay had changed due to the EE(A)R.

Table 5.12 Sick pay: changes due to EE(A)R

	% establishments	% establishments with sick pay	% employees
No sick pay exceeding statutory requirements	31	-	16
got rid of sick pay due to EE(A)R	2	-	1
don't know if got rid of sick pay due to the EE(A)R	5		2
Has sick pay exceeding statutory requirements	66	100	82
changed eligibility rules due to EE(A)R	2	3	4
don't know if changed eligibility rules due to EE(A)R	7	11	6
introduced a maximum age	*	*	*
changed the maximum age	*	*	*
increased length of service	*	*	*
reduced length of service	*	*	*
Don't know if have sick pay exceeding statutory requirements	4		2
<i>Base</i>	2205	1446	2205

Given the small numbers of employers who had a maximum age for sick pay eligibility and the small numbers making changes to their sick pay in excess of statutory requirements in response to the EE(A)R, it was not possible to identify whether these varied with employer characteristics. However, despite the

evidence above suggesting that employers have not been withdrawing sick pay cover in excess of statutory requirements due to the EE(A)R, given the concern about this, it is useful to identify the characteristics of employers providing sick pay above the statutory minimum. Those with sick pay in excess of statutory requirements are concentrated amongst:

- larger organisations: 54 per cent of small organisations, 71 per cent of medium-sized organisations and at least 82 per cent of larger;
- public sector (79 per cent) and voluntary sector (84 per cent) compared with 60 per cent of the private sector;
- Public administration and defence (89 per cent) and Education (81 per cent) Financial intermediation (83 per cent) with least in Construction (49 per cent), Manufacturing (56 per cent);
- organisations not wholly based in the UK (at least 77 per cent) (wholly UK-based: 63 per cent);
- establishments with a recognised Trade Union (84 per cent) compared with those without (59 per cent);
- establishments with compulsory retirement (71 per cent) compared with 64 per cent of those without;
- establishments with an equal opportunities policy which addressed age (71 per cent) compared with those equal opportunities policy which did not explicitly cover age (61 per cent) and without an equal opportunities policy (51 per cent);
- establishments with fewer young employees and fewer older employees; growing from 59 per cent of those with 25 per cent to 75 per cent of employees under 25 to 72 per cent of those with fewer than five per cent under 25; there was a similar pattern for the percentage employees aged over 50;
- establishments employing someone over state pension age (72 per cent) compared with 59 per cent of establishments which did not;

5.4.2 Other benefits

Age was rarely used as a criterion for eligibility for any other benefit: one per cent of establishments had a minimum age for some benefits (for health insurance, life insurance and loyalty awards/bonuses) and two per cent had a maximum age (for health insurance and life insurance) (Table 5.13).

Table 5.13 Other benefits with eligibility dependent on age

Type of benefits which are dependent on age	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
other non-pay benefits with minimum age ^a	1	1	1	2
other non-pay benefits with maximum age ^b	2	3 ^c	1	1
<i>Base</i>	2205	2205	2087	2087

Multiple responses could be given

^a health insurance, life insurance, loyalty award/bonus

^b health insurance, life insurance

^c health insurance 1%, life insurance 1%

Other benefits were more often affected by length of service than age. The survey focussed on length of service longer than five years, as this is unlawful unless there is a reasonable business need. Most commonly length of service above five years affected leave entitlement: in 27 per cent of establishments, potentially affecting 38 per cent of the workforce (Table 5.14). Length of service longer than five years was a criterion for other forms of benefits in six per cent of establishments, potentially affecting 12 per cent of the workforce. Most commonly these benefits were exclusions or restrictions on sickness benefits, health insurances/health care, loyalty awards and bonuses.

Table 5.14 Other benefits with eligibility dependent on length of service above five years

Type of benefits which are dependent on length of service	% establishments	% employees
Annual leave	27	38
<i>(Annual leave dependent on length of service: any length)</i>	45	60
Other non-pay benefits	6	12
sickness benefit (exclusions/restrictions)	1	5
health insurance/health care	1	2
loyalty awards/bonus	2	3
other ^a	2	2
<i>Base</i>	2205	2205

Multiple response.

^a Other benefits include life insurance

The use of length of service for annual leave entitlement extending more than five years:

- grew with organisational size, from 14 per cent of small organisations to 57 per cent of those with more than 10,000 employees;
- was much more common in the public sector (41 per cent) than the voluntary sector or the private sector (23 per cent each);
- reflecting this, it was most common in Public administration and defence (49 per cent) ; it was rare in Construction (six per cent),

Manufacturing (17 per cent) and Hotels and restaurants (15 per cent);

- was more common in establishments with a UK Head Office (and with offices outside the UK) (44 per cent) and those with a Head Office elsewhere in Europe (41 per cent), compared to those with a Head Office in the USA (27 per cent) or wholly-based in the UK (24 per cent);
- was much more common in establishments with a recognised Trade Union (42 per cent compared with 21 per cent of establishments without a recognised Trade Union);
- most common in establishments with an equal opportunities policy which addressed age (33 per cent) compared with those equal opportunities policy which did not explicitly cover age (23 per cent) and without an equal opportunities policy (nine per cent);
- rare in establishments with no young employees (18 per cent) and those with over 75 per cent of employees aged over 50 (13 per cent).

5.5 Pay, pensions and other benefits: summary

5.5.1 Pay

The survey examined age-related and potentially age-related pay criteria and the use of incremental pay scales, performance pay and youth rates. Whilst the systems examined are not innately discriminatory, the criteria used may be discriminatory or the system may affect the likelihood of discrimination (e.g. allowing greater discretion). Apart from systems or criteria directly linking age and pay, it is not possible from the survey to determine whether an approach is discriminatory. Instead, we can point to practices which might be discriminatory.

The payment systems and criteria relate to the establishment's largest occupational group, as payment systems and criteria are likely to differ across occupations within establishments.

In one third of establishments all employees in the largest occupational group were paid the same, leaving no scope for pay discrimination within this occupation.

Incremental pay scales were used by 22 per cent of establishments for the largest occupational group, particularly for Professionals and Associate professional and technical staff. The basis for increments included:

- merit (16 per cent), particularly for Professionals and Associate professional and technical staff;
- length of service (eleven per cent), mainly used for Professionals; five per cent normally extended beyond five years, which is unlawful, unless there was a reasonable business need;

- age (one per cent) which is unlawful, unless connected to young people's rates or they can be proven to be a proportionate means of achieving a legitimate aim.

Merit or performance pay was used by 45 per cent of establishments for the largest occupational group, particularly for Professionals and Associate professional and technical staff. At least 75 per cent of these used formal appraisal to assess pay, reducing the scope for discrimination.

Young people's rates were used by ten per cent of establishments for the largest occupational group. Young people's rates are lawful under the EE(A)R, so long as they either match those for the NMW or are objectively justified. Nearly all young people's rates applied to employees aged under 22, with maximum youth rates most commonly at age 18 and age 21. Five per cent had maxima which did not match the NMW age bands. Minimum ages tended to be below 18. Youth rates were most often used for Skilled trades staff.

Potentially problematic pay criteria included:

- age other than youth rates (one per cent);
- length of service (28 per cent), particularly for Professionals and Associate professional and technical staff;
- likelihood of leaving (four per cent).

5.5.1.1 Changes since 2006

Since 2006, there has been an increase in the percentage of establishments which pay the same amount to everyone in an occupational group (which leaves no scope for age discrimination). There has also been a decline in use of age (outside youth rates) from five per cent to one per cent, as well as a decline in the use of length of service and of likelihood of leaving as criteria.

The use of formal appraisal for pay for those receiving performance or merit pay has increased suggesting that the process has become more objective and so, the scope for discrimination should have reduced.

The use of incremental pay scales has fallen, from 36 per cent to 22 per cent of establishments. The use of increments based on length of service criteria has fallen to a greater extent, but not for length of service above five years which has remained in use in five per cent of all establishments.

5.5.2 Pensions

The survey focussed on occupational pension schemes where the employer contractually accepts the obligation to make contributions to a fund as part of the employee's remuneration package. This was because these schemes are more likely to link to employers' normal and compulsory retirement, through restrictions on accrual and age of starting to draw a pension.

Sixty-six per cent of establishments had a pension scheme, to which the employer contributed, with 85 per cent of employees working in such establishments.

Twenty-seven per cent of establishments (covering 42 per cent of the workforce) had an occupational pension scheme.

- final salary (12 per cent of establishments, with 29 per cent of the workforce in these establishments);
- not final salary (15 per cent of establishments, with 17 per cent of the workforce in these establishments).

Occupational pensions and final salary schemes were more common in larger establishments and organisations, the public sector and in Public administration and defence and Education. Occupational schemes were least available in Construction, Manufacturing and Real estate, renting and business activities.

Most occupational schemes gave some flexibility over the age at which the pension was drawn.

- 30 per cent had an age range over which the pension could start to be drawn (eight per cent of all establishments, covering 20 per cent of the workforce);
- 29 per cent had no maximum age at which the pension could start to be drawn (eight per cent of all establishments, covering seven per cent of the workforce);
- 28 per cent had a single age at which the pension could start to be drawn (eight per cent of all establishments, covering 15 per cent of the workforce).

Amongst those with occupational schemes, age ranges were more common in larger organisations and the public sector; open-ended arrangements were more common amongst small organisations and the private sector. Those with a compulsory retirement age were more likely to have an age range.

The youngest age at which occupational pensions could normally be drawn was most often 55 or 60, although some did allow pensions to be drawn before age 55 (normally from 50), whilst some restricted access until age 65. It was more often below 65 for larger organisations and the public sector.

5.5.2.1 Changes since 2006

There had been little change in the percentage of establishments providing pension schemes since 2006. Comparison of occupational and final salary schemes was not possible due to differences in data collected between the two surveys.

5.5.3 Sick pay and other benefits

Sixty-six per cent of establishments had sick pay in excess of statutory requirements, normally for all staff, resulting in 62 per cent of employees entitled to sick pay in excess of statutory requirements, with a further 19 per cent working in establishments where at least some employees were entitled to this. Sick pay above statutory requirements was less common in small organisations, the private sector and Construction and Manufacturing.

Age rarely affected eligibility for sick pay in excess of statutory requirements, with only one per cent of establishments (employing one per cent of the workforce) having a maximum age for such sick pay. However, the use of age in this context is unlawful unless proven to be a proportionate means of

achieving a legitimate aim. The maximum age was under 65 for half of these establishments.

Age was rarely used as a criterion for eligibility for any other benefit: one per cent of establishments had a minimum age for some benefits (for health insurance, life insurance and loyalty awards/bonuses) and two per cent had a maximum age (for health insurance and life insurance).

Other benefits were more often affected by length of service than age. The survey focussed on length of service longer than five years, as this is unlawful under the EE(A)R unless there is a reasonable business need.

- annual leave (27 per cent of establishments, covering 38 per cent of the workforce); this grew with organisational size and was much more common in the public sector and was most common in Public administration and defence;
- other benefits (mainly exclusions or restrictions on sickness benefits, health insurances/health care, loyalty awards and bonuses) (six per cent of establishments, employing 12 per cent of the workforce).

5.5.3.1 Changes since 2006

The costs of sick pay have been cited as a reason to not employ older people and a potential cost to employers if the DRA was raised or removed. Therefore, a decline in the provision of sick pay above statutory requirements might be expected due to the EE(A)R itself or due to anticipation of changes to the DRA.

There appears to have been a slight shift in provision since 2006, with fewer providing sick pay above statutory minimum to all staff and more providing it for some staff. Whether this results in fewer eligible staff is unclear, as it depends on the per cent eligible when it is not an entitlement for all. At the same time, there was a fall in the proportion of establishments with a maximum age for additional sick pay from six per cent in SEPPP1 to only one per cent in SEPPP2. In addition, changes reportedly made to sick pay in excess of statutory requirements due to the EE(A)R were:

- two per cent (covering one per cent of employees) stopping providing sick pay in excess of statutory requirements;
- two per cent (covering three per cent of employees) changing eligibility rules (including introducing a maximum age, changing the maximum age, increasing length of service requirements and reducing length of service requirements).

Changes to other benefits could not be assessed due either to changes in the questionnaire or due to the very low incidence of the practice in 2006.

6 Performance appraisal, training and promotion

6.1 Introduction

Ageism in training and promotion can have serious consequences for the individual, the employer and the economy. Where access to training and promotion is reduced due to age discrimination, not only will individuals see slower progression, but this may lead to their withdrawal from the labour market, for example through early retirement. Employers may see both poorer performance and higher turnover amongst the discriminated against groups, whilst the economy loses both from reduced performance and also from lower labour market participation.

As support for training and promotion opportunities tend to differ by occupation, the survey examined training and promotion for the largest occupational group.

Performance appraisal systems are important safeguards against age discrimination for the range of selection decisions which are (or purport to be) based on performance or competence. Key areas are pay, promotion, dismissal and redundancy. Given some employers' concerns about performance declining for older workers, performance appraisal may assume greater importance if the DRA were to be abolished. (Note that if employers wished to dismiss older employees whose performance had declined, they would need to assess the performance not just of older staff but all employees, to ensure that they were not treating older staff differently.)

6.2 Performance appraisal

Seventy-nine per cent of establishments conducted performance appraisals (Table 6.1). These establishments employed 89 per cent of employees. Performance appraisals normally covered all staff, but seven per cent of establishments conducted performance appraisals for some staff only.

Table 6.1 Performance appraisal coverage

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Has formal performance appraisal	79	89	68	83
No formal performance appraisal	21	11	32	17
Don't know if have performance appraisal	*	1	1	0
Coverage of performance appraisal				
all staff	72	82	56	70
some staff	7	7	12	13
<i>Base</i>	2205	2205	2087	2087

- As might be expected, performance appraisals were more common in larger organisations, rising from 69 per cent of establishments in organisations with under 50 employees, to 87 per cent of those in medium-sized organisations to at least 92 per cent of larger organisations.
- The public sector was more likely to have performance appraisal (92 per cent) followed by the voluntary sector (84 per cent) and the private sector (74 per cent).
- Reflecting the difference between the public and private sectors, a high percentage of establishments in Public administration and defence, Education and Health and social work had performance appraisal (at least 92 per cent); a high percentage of establishments in Financial Intermediation (86 per cent) and Real estate, renting and business activities (88 per cent) also had performance appraisal; Manufacturing and Construction had the lowest incidence of appraisal (59 per cent and 56 per cent respectively).
- Establishments in organisations wholly-based in the UK were much less likely to have appraisals (77 per cent) than multi-nationals. At least 88 per cent of those with Head Offices in Europe (in or outside the UK) and those with Head Offices in the USA had appraisals.
- Establishments with a recognised Trade Union were much more likely (93 per cent) to have appraisals compared with those which did not have a recognised Trade Union (74 per cent).
- Appraisals were most common in establishments with an equal opportunities policy which addressed age (87 per cent) compared with those equal opportunities policy which did not explicitly cover age (75 per cent) and without an equal opportunities policy (54 per cent);

- Least common in establishments with the most age-imbalanced workforces (i.e. no employees aged under 25, 75 per cent of employees aged under 25 and no employees aged over 50).

Of particular interest for the DRA, establishments with compulsory retirement (for at least some employees) were more likely to have appraisals compared with those without compulsory retirement (85 per cent and 76 per cent respectively). Both included seven per cent which had appraisal for some employees only.

There has been some growth in the use of performance appraisal. Comparison with SEPPP1 shows growth both in terms of establishments using it (up from 68 per cent to 79 per cent) and coverage of staff (up from 83 per cent to 89 per cent) since 2006. Moreover, five per cent of establishments had introduced or made changes to their performance appraisal due to the EE(A)R: one per cent each had introduced or extended performance appraisal, whilst three per cent had made other changes (Table 6.2). The type of other changes described (reported by under one per cent of establishments and covering under one per cent of employees) were: changes to meet legal requirements, removing age, linking to pay, more formalised, more detailed and updated.

Table 6.2 Changes in formal appraisal due to the EE(A)R

	% establishments	% employees
Reported change in formal appraisal due to EE(A)R ^a		
yes	5	7
introduced	1	1
extended	1	2
changed	3	5
no	2	2
don't know	94	91
<i>Base</i>	2205	2205

^a multiple responses could be given

The type of changes described were: changed to meet legal requirements; removed age; linked to pay; more formalised/detailed; updated. Each was reported by under 1 per cent of establishments/employees.

6.3 Training

Eighty per cent of establishments supported off-the-job training for employees in their largest occupational group (Table 6.3). This was higher than it was in 2006 (77 per cent).

The survey examined three criteria for selection for training (age, potential length of service and period to retirement) which are either directly or potentially indirectly discriminatory. Potential length of service was most common, used as a criterion for training for the largest occupational group by seven per cent of establishments (Table 6.3). Five per cent used period to retirement and three per cent age. (Note that age and time before retirement were not always stated by respondents as criteria for training, but were sometimes only stated as means of judging potential length of service, where potential length of service

was a criterion.) Nine per cent (12 per cent of those supporting training) use one or more of these three criteria and so may be discriminating in their selection for training.

The use of time until retirement as a criterion for selection for training fell between 2006 and 2009 from eight per cent to five per cent of establishments.

Table 6.3 Age-related criteria affecting selection for training for the largest occupational group

Factors affecting selection for training	SEPPP2		SEPPP1	
	% establishments	% establishments providing training	% establishments	% establishments providing training
Establishment supports off-the-job training	80	100	77	100
Age	2	3		
stated as training criterion	1	1	1	1
age as criterion for potential length of service	2	2	1	2
Potential length of service	7	9	8	10
Time left before retirement	5	6	8	10
stated as a criterion	4	5	-	-
time before retirement as criterion for potential length of service	2	3	5	6
All age, potential length of service and time left before retirement	9	12	-	-
<i>Base</i>	<i>2205</i>	<i>1767</i>	<i>2087</i>	<i>1729</i>

Multiple response.

Where potential length of service was considered, the length of service required tended to be short: most often a matter of months and rarely more than two years (Table 6.4). The period prior to retirement seemed to be treated slightly differently from potential length of service, with longer periods precluding access to training, with access affected in a small percentage of establishments (one per cent) by periods of four years or more.

Table 6.4 Age-related criteria affecting selection for training for the largest occupational group

Factors affecting selection for training	SEPPP2		SEPPP1	
	% establishments	% establishments providing training	% establishments	% establishments providing training
Establishment supports off-the-job training	80	100	77	100
Potential length of service	7	9	8	10
Period of service required:				
6 months or fewer	2	2	3	4
7 months to 1 year	3	3	2	2
More than 1 year up to 2 years	1	2	1	1
More than 2 years up to 5 years	1	1	1	1
Don't know	1	1	1	1
Time left before retirement	5	6	8	5
Period before retirement required:				
under one year	*	*	1	1
1 year	2	2	2	2
2 years	1	1	1	2
3 years	*	*	1	1
4 years or more	1	2	1	2
Don't know	1	1	2	2
<i>Base</i>	<i>2205</i>	<i>1767</i>	<i>2087</i>	<i>1729</i>

Multiple response.

6.4 Promotion

Two-thirds of establishments had promoted people within their largest occupational group in the previous five years (Table 6.5)²⁶. This ranged from 53 per cent for managers and senior officials to 77 per cent for professionals and for Associate professionals and technical staff.

Table 6.5 Promotion: age-related criteria for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments with promotion	% establishments	% establishments with promotion
Promoted in the last five years	67	100	75	100
Age affects the promotion decision	3	4	4	5
<i>Base</i>	2205	1480	2087	1721

Three per cent of these had used age as a promotion criterion. The Employment Equality (Age) Regulations 2006 allow this only in rare circumstances.

Respondents who said that age affected the promotion decision were asked why. All reasons were given by less than one per cent of respondents. Reasons given for not wanting younger workers were '*older people have the right skills, approach or energy*', '*experience is important*', '*legal requirements*', '*younger people can't supervise/manage people older than themselves*' and '*younger people are unlikely to be able to do the job*'.

Preferences for younger people were explained by '*younger people have the right skills, approach or energy*' and '*too close to retirement*'.

6.5 Performance appraisal, training and promotion: summary

6.5.1 Performance appraisal

Performance appraisal systems are important safeguards against age discrimination for the range of selection decisions which are (or purport to be) based on performance or competence.

- 79 per cent of establishments (employing 89 per cent of the workforce) conducted performance appraisals and these normally covered all staff.

²⁶ Thus some may have described promotion prior to the EE(A)R. To avoid this, respondents could have been asked to describe promotion since October 2006, but such a specific cut off date would have been likely to cause response problems. The effect on the results is likely to be small.

The use of appraisals increased with organisational and establishment size. Use was lower in the private sector. Manufacturing and Construction and Hotels had the lowest incidence of appraisal. Establishments with compulsory retirement (for at least some employees) were more likely to have performance appraisal.

6.5.1.1 Changes since 2006

There has been some growth in the use of performance appraisal, both in terms of establishments using it and coverage of staff since 2006. Moreover, five per cent of establishments had introduced or made changes to their performance appraisal due to the EE(A)R: one per cent each had introduced or extended performance appraisal, whilst three per cent had made other changes (changes to meet legal requirements, removing age, linking to pay, more formalised, more detailed and updated).

6.5.2 Training

Training was examined for the largest occupational group, as training criteria were likely to vary with occupation. Eighty per cent of establishments supported off-the-job training for employees in their largest occupational group.

The survey examined three criteria for selection for training which are either directly or potentially indirectly discriminatory:

- potential length of service (seven per cent of establishments);
- period to retirement (five per cent of establishments);
- age (three per cent of establishments);
- any of the above (nine per cent).

Age and time before retirement were not always stated as criteria for training, but were stated as means of judging potential length of service.

For potential length of service, the length of service required tended to be short: most often a matter of months and rarely more than two years. The period prior to retirement seemed to be treated slightly differently from potential length of service, with longer periods precluding access to training, with access affected in a small percentage of establishments by periods of four years or more.

6.5.2.1 Changes since 2006

Only the use of time to retirement as a criterion for selection for training showed any significant change between 2006 and 2009.

6.5.3 Promotion

Sixty-seven per cent of establishments had promoted in the previous five years, but only half of these had had a formal assessment procedure for promotion.

Only the use of age was examined. Three per cent of those promoting had used age as a criterion. The Employment Equality (Age) Regulations 2006 allow this only in rare circumstances.

Less than one per cent gave a reason for using age as promotion criteria. Reasons for not wanting younger workers were '*older people have the right*

skills, approach or energy, *'experience is important'*, *'legal requirements'*, *'younger people can't supervise/manage people older than themselves'* and *'younger people are unlikely to be able to do the job'*. Preferences for younger people were explained by *'younger people have the right skills, approach or energy'* and *'too close to retirement'*.

6.5.3.1 Changes since 2006

The percentages using potentially discriminatory practices in promotion identified in 2006 were too small to allow analysis of change.

7 Redundancy

7.1 Introduction

Redundancy policies present scope for age discrimination in respect of selection for compulsory redundancy, eligibility for voluntary redundancy and redundancy payments (if enhanced above the statutory minimum). The EE(A)R makes age and most age-related criteria for redundancy selection unlawful, unless objectively justified. The regulations do however make special provision for enhanced redundancy payments, without the need to show objective justification so long as the enhanced scheme closely mirrors the age bands of the statutory redundancy payment scheme. Length of service criteria are lawful up to five years, or where it relates to service longer than 5 years it reasonably appears to the employer to satisfy a business need (DTI 2005, 2006).

Employers were asked about their redundancy policies and practices. However, the reliability of the results for those who neither had policies nor had experienced redundancies recently may be fairly low. Therefore, in the survey, respondents were only asked about redundancy if they had either had redundancies in the previous five years²⁷ or had relevant policies: for compulsory redundancy questions, whether they had standard criteria for selection for compulsory redundancies and for voluntary redundancies whether they had selection criteria for voluntary²⁸.

Thirty-four per cent of establishments had had redundancies in the last five years (Table 7.1). These establishments employed 57 per cent of employees. Fifty-one per cent had either had redundancies or had compulsory redundancy selection criteria. These were asked about their compulsory redundancy policies and practices. Forty-five per cent had either had redundancies or had eligibility criteria for voluntary redundancies. These were asked about their voluntary redundancy policies and practices.

²⁷ Thus some may have described redundancy practice prior to the EE(A)R. To avoid this respondents could have been restricted to those with redundancy policies or who had had redundancies since October 2006, but such a specific cut off date would have been likely to cause response problems. The effect on the results is likely to be small.

²⁸ This differs from the approach in SEPPP1 where employers without recent redundancy experience and without policies were asked to respond hypothetically. Those responding hypothetically were analysed separately.

Table 7.1 Redundancy experience and processes

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Compulsory redundancy				
Either redundancies or compulsory criteria	51	71	47	65
Redundancies in the previous five years	34	57	35	51
Has not had redundancies in the last five years but has selection criteria for compulsory redundancy	17	14	12	14
Neither	49	29	53	35
Voluntary redundancy				
Either redundancies or eligibility criteria for voluntary redundancy	45	64	49	72
Redundancies in the previous five years	34	57	35	51
Has eligibility criteria for voluntary redundancy	19	24	14	21
Neither	55	36		
<i>Base</i>	2205	2205	2087	2087
Multiple response				

7.2 Compulsory redundancy

Age, an unlawful selection criterion for redundancy, unless proven to be a proportionate means of achieving a legitimate aim, was used for compulsory redundancy in four per cent of establishments (with recent redundancy or with selection criteria) (Table 7.2). Other potentially unlawful criteria which were associated with age were:

- sickness and absence records (44 per cent of establishments with recent redundancy or with selection criteria), unlawful unless objectively justified;
- length of service (42 per cent of establishments with recent redundancy or with selection criteria), lawful for periods of up to five years and lawful if there was a reasonable business need thereafter

Competence was the most commonly used criterion or selection for compulsory redundancy (60 per cent of establishments with recent redundancy or with selection criteria). This is a legitimate criterion, so long as competence is assessed fairly.

The extent that each of the listed criteria are used for selection for compulsory redundancy has changed little since 2006 with two important exceptions. Firstly, age is now used less as a criterion, falling from use in eleven per cent of establishments (with recent redundancy or with selection criteria), in 2006, to four per cent in 2009. Secondly, the use of length of service as a criterion has fallen, from 41 per cent of establishments (with recent redundancy or with selection criteria), in 2006, to 32 in 2009. This latter reduction was disproportionately in larger establishments and so the percentage of employees employed in establishments where redundancy criteria included length of service has fallen from 43 per cent to 24 per cent.

Table 7.2 Compulsory redundancies: selection criteria, % establishments

	SEPPP2		SEPPP1	
	all establishments ^b	with redundancies ^a or compulsory redundancy criteria	all establishments ^b	with redundancies ^a or compulsory redundancy criteria
Had redundancies ^a or has compulsory redundancy criteria	51	100	47	100
Compulsory redundancy criteria				
competence	30	60	54	57
sickness absence records	22	44	41	44
length of service/LIFO	21	42	-	-
length of service	16	32	40	41
last in first out (LIFO)	12	23	28	25
age	2	4	12	11
<i>Base weighted</i>	<i>2205</i>	<i>1114</i>	<i>2112</i>	<i>1007</i>
<i>Base unweighted</i>	<i>2205</i>	<i>1342</i>	<i>2087</i>	<i>1221</i>

^a In the previous five years

^b SEPPP1 all establishments includes respondents with no recent redundancy experience and no compulsory redundancy selection criteria responding hypothetically; SEPPP2 excluded these from the questions and so the difference between the two SEPPP2 columns is the base.
Multiple response.

Table 7.3 Compulsory redundancies: selection criteria, % employees

	SEPPP2		SEPPP1	
	all establishments ^b	with redundancies ^a or compulsory redundancy criteria	all establishments ^b	with redundancies ^a or compulsory redundancy criteria
Had redundancies ^a or has compulsory redundancy criteria	71	100	65	100
Compulsory redundancy criteria				
competence	46	65	57	63
sickness absence records	37	52	46	51
length of service/LIFO	25	36	-	-
length of service	17	24	40	43
last in first out (LIFO)	13	19	25	24
age	2	2	10	10
<i>Base weighted</i>	2205	1572	2112	1006
<i>Base unweighted</i>	2205	1342	2087	1221

^a In the previous five years

^bSEPPP1 total includes respondents with no recent redundancy experience and no compulsory redundancy selection criteria responding hypothetically; SEPPP2 excluded these from the questions and so the difference between the two SEPPP2 columns is the base. Multiple response.

For establishments which had had compulsory redundancy in the previous five years or which had selection criteria for compulsory redundancy there was some variation in the selection criteria by establishment characteristics:

- sickness or absence was used more by:
 - organisations with 50-999 employees (53 per cent);
 - private sector (49 per cent) than public (36 per cent) or voluntary (17 per cent);
 - Manufacturing (61 per cent), Wholesale and retail (53 per cent) and Transport, storage and communication (58 per cent) (and less used by Education (28 per cent));
 - establishments with their Head office in Europe (but outside the UK) or in the USA (68 per cent and 66 per cent respectively) (and less used by wholly UK-based organisations (41 per cent)).
- length of service was:
 - more used by small and medium-sized organisations (48 per cent and 45 per cent respectively);
 - more used by private sector establishments (46 per cent) than public sector (34 per cent) or voluntary sector (24 per cent);
 - more used by Manufacturing (54 per cent) and Transport, storage and communication (51 per cent)

and least used by Public administration and defence, Education and Other community, social and personal service activities (30-31 per cent each);

- more used by establishments without a recognised Trade Union (47 per cent) than those with (29 per cent);
- least used where an establishment's Head office is located in UK (but the organisation has establishments abroad) (28 per cent); and
- more likely to be used the smaller the percentage of employees aged over 50 (39 per cent of those with 25 per cent to 75 per cent of employees aged over 50 to 55 per cent where have no employees aged over 50)
- less used in establishments which employed someone over state pension age (37 per cent) compared with 48 per cent of others.

Employers may fall foul of the Employment Equality (Age) Regulations 2006 if redundancy payments above the statutory minimum are calculated according to age or length of service unless the structure closely mirrors the statutory redundancy payments structure, or is objectively justified (DTI 2005 and 2006).

Forty per cent of establishments (with recent redundancy or with selection criteria) enhanced redundancy payments (Table 7.4). These establishments accounted for just over half of employees (51 per cent) (Table 7.5)

Table 7.4 Compulsory redundancies: payment enhancements and criteria, % establishments

	SEPPP2		SEPPP1	
	all establishments ^b	with redundancies ^a or compulsory redundancy criteria	all establishments ^b	with redundancies ^a or compulsory redundancy criteria
Makes redundancy payments above the statutory minimum	30	40	33	46
no	40	45	-	-
dk	29	15	-	-
Enhancements based on ^c :				
age decrease close to retirement	6	8	10	16
otherwise increase with age	1	1	-	-
otherwise decrease with age	4	6	-	-
length of service	*	*	-	-
	25	31	27	38
<i>Base weighted</i>	2205	1114	2112	1006
<i>Base unweighted</i>	2205	1342	2087	1221

^a In the previous five years

^b SEPPP1 total includes respondents with no recent redundancy experience and no compulsory redundancy selection criteria responding hypothetically; SEPPP2 excluded these from the questions and so the difference between the two SEPPP2 columns is the base.

^c Multiple response.

Table 7.5 Compulsory redundancies: payment enhancements and criteria, % employees

	SEPPP2		SEPPP1	
	all establishments ^b	with redundancies ^a or compulsory redundancy criteria	all establishments ^b	with redundancies ^a or compulsory redundancy criteria
Makes redundancy payments above the statutory minimum	44	51	46	56
no	34	36	-	-
dk	22	13	-	-
Enhancements based on ^c :				
age	14	18	17	22
decrease close to retirement	1	1	-	-
otherwise				
increase with age	10	13	-	-
otherwise				
decrease with age	*	*	-	-
length of service	37	43	38	47
<i>Base weighted</i>	2205	1572	2112	1006
<i>Base unweighted</i>	2205	1342	2087	1221

^a In the previous five years

^b SEPPP1 total includes respondents with no recent redundancy experience and no compulsory redundancy selection criteria responding hypothetically; SEPPP2 excluded these from the questions and so the difference between the two SEPPP2 columns is the base.

^c Multiple response.

Enhancements were based on length of service in 31 per cent of establishments (with recent redundancy or with selection criteria) and on age in eight per cent of establishments (with recent redundancy or with selection criteria). These establishments employed 43 per cent and 18 per cent of employees respectively. In most cases, the enhancement increased with age, although some employers reduced payments as employees approached retirement.

The use of age as a criterion for enhancing payments has fallen since 2006, from 16 per cent of establishments (with recent redundancy or with selection criteria) to eight per cent. However, the fall is disproportionately in smaller establishments, with the percentage of employees working in establishments with this criterion falling far less (from 22 per cent to 18 per cent).

7.3 Voluntary redundancy

Forty-five per cent of establishments had had redundancy in the previous five years or had eligibility criteria for voluntary redundancy. Two per cent of these used age as an eligibility criterion, which is unlawful under the EE(A)R (Table

7.6), unless it reasonably appears to the employer to satisfy a business need. In nearly all cases eligibility was restricted to employees aged 50 or more (or higher). Comparison with SEPPP1 suggests that use of age as a criterion has fallen amongst larger establishments more than amongst smaller establishments (Table 7.6 and Table 7.7).

Table 7.6 Voluntary redundancies: eligibility criteria and payments, % establishments

	SEPPP2		SEPPP1	
	all establishments	with redundancies ^a or voluntary redundancy criteria	all establishments	with redundancies ^a or voluntary redundancy criteria
Had redundancies ^a or has voluntary redundancy criteria	45	100	64	100
Eligibility criteria for voluntary redundancy includes ^{a,b} :				
age	1	2	5	5
50 and under	*	*	-	-
over 50	1	2	-	-
length of service	5	10	11	12
Enhances voluntary redundancy payments	21	32	29	42
no	42	42	-	-
dk	38	25	-	-
<i>Base weighted</i>	2205	983	2112	881
<i>Base unweighted</i>	2205	1217	2087	1087

^a In the previous five years
Multiple response.

Table 7.7 Voluntary redundancies: eligibility criteria and payments, % employees

	SEPPP2		SEPPP1	
	all establishments	with redundancies ^a or voluntary redundancy criteria	all establishments	with redundancies ^a or voluntary redundancy criteria
Had redundancies ^a or has voluntary redundancy criteria	49	100	72	100
Eligibility criteria for voluntary redundancy includes ^{a,b} :				
age	1	1	5	7
50 and under	*	*	-	-
over 50	1	1	-	-
length of service	4	5	10	10
Enhances voluntary redundancy payments	35	46	42	55
no	36	37	-	-
dk	29	17	-	-
<i>Base weighted</i>	<i>2205</i>	<i>1422</i>	<i>2112</i>	<i>1230</i>
<i>Base unweighted</i>	<i>2205</i>	<i>1217</i>	<i>2087</i>	<i>1000</i>

^a In the previous five years
Multiple response.

Thirty-two per cent of establishments (with recent redundancy or with selection criteria) enhanced payments for voluntary redundancy. These tended to be larger establishments and 46 per cent of employees worked in establishments making enhancements. Enhancement has fallen since 2006, from 42 per cent of establishments (with recent redundancy or with selection criteria), covering 55 per cent of employees.

7.4 Redundancy: summary

The EE(A)R makes certain age and age-related criteria for redundancy and redundancy payments unlawful, unless depending on the practice, they mirror statutory provision, they are proven to be a proportionate means of achieving a legitimate aim or they reasonably appear to the employer to satisfy a business need.

To improve reliability, only employers who had had redundancies in the previous five years or had relevant policies were asked about their redundancy policies and practices. This applied to 51 per cent of establishments (employing 71 per cent of the workforce) for compulsory redundancies and 45 per cent of establishments (employing 64 per cent of the workforce) for voluntary redundancies. All percentages relate to this subset.

7.4.1 Compulsory redundancy

For compulsory redundancies, selection criteria included:

- age (four per cent, two per cent of employees);
- length of service (42 per cent, 36 per cent of employees), particularly small and medium-sized organisations, the private sector and Manufacturing and Transport, storage and communication;
- sickness/absence records (44 per cent, 52 per cent of employees), particularly in organisations with 50-999 employees, the private sector and Manufacturing, Wholesale and retail and Transport, storage and communication;
- competence (60 per cent, 65 per cent of employees).

Age is unlawful as a redundancy selection criterion unless proven to be a proportionate means of achieving a legitimate aim. Competence is a legitimate criterion, so long as competence is assessed fairly. Sickness/absence records would be unlawful unless objectively justified, whilst length of service above five years would be unlawful unless there was a reasonable business need.

Forty per cent of establishments (employing 51 per cent of the workforce) enhanced compulsory redundancy payments. Factors affecting enhancements included:

- length of service (31 per cent of establishments);
- age (eight per cent of establishments, employing 18 per cent of the workforce) employees; most increased enhancements with age, although some reduced payments as employees approached retirement.

These would be lawful so long as they closely mirror the statutory redundancy payments or, for length of service, it reasonably appears to the employer to satisfy a business need or, for age, they were proven to be a proportionate means of achieving a legitimate aim (DTI 2005 and 2006).

7.4.2 Voluntary redundancy

For voluntary redundancies, two per cent of establishments used age as an eligibility criterion. This can be unlawful. In nearly all cases eligibility was restricted to employees aged 50 or more (or higher).

Thirty-two per cent of establishments enhanced payments for voluntary redundancy. These tended to be larger establishments and 46 per cent of employees worked in establishments making enhancements. Enhancement has fallen since 2006, from 42 per cent of establishments (with recent redundancy or with selection criteria), covering 55 per cent of employees.

7.4.3 Changes since 2006

Compulsory redundancy selection criteria had changed little since 2006 with two important exceptions:

- age has declined in use (eleven per cent to four per cent of establishments in 2006 and 2010 respectively);
- length of service has declined in use (41 per cent to 32 per cent of establishments in 2006 and 2010 respectively) (covering 43 per cent to 24 per cent of the workforce respectively).

The use of age as a criterion for enhancing compulsory redundancy payments has fallen since 2006, from 16 per cent of establishments (with recent redundancy or with selection criteria) to eight per cent. However, the fall is disproportionately in smaller establishments, with the percentage of employees working in establishments with this criterion falling far less (from 22 per cent to 18 per cent).

Enhancement of voluntary redundancy payments has fallen since 2006, from 42 per cent of establishments (covering 55 per cent of employees) to 32 per cent of establishments (covering 46 per cent of employees).

8 Retirement

8.1 Introduction

The Employment Equality (Age) Regulations 2006 (EE(A)R) established a default retirement age (DRA), below which employees cannot be compulsorily retired, unless employers can objectively justify a lower retirement age (e.g. on health and safety grounds) (DTI, 2005). The DRA was set at 65. Procedures for retiring employees at the DRA (or objectively justified age) or older were laid down. Employers must give consideration to requests to work beyond the retirement age and provide employees with at least six months notice of retirement²⁹. With the exception of being able to compulsorily retire an employee under the DRA procedures; employees aged above the DRA have the same employment rights and protections as other employees.

As part of the creation of the Default Retirement Age (DRA), a review was scheduled for 2011 (and brought forward to 2010), when the government was to review “*whether all retirement ages that are not objectively justified should be outlawed*” (DTI, 2005). Abolition would mean that employees could only be retired against their wishes where a retirement age was objectively justified. Otherwise, older employees could only be fairly compulsorily “retired” (i.e. fairly dismissed) on the same grounds as younger employees, i.e. on performance or redundancy grounds. Because retiring an employee is easier than dismissing them on performance grounds, this raises concerns amongst employers that they will have to employ older people who can no longer do their job. Whilst these are genuine concerns, the evidence suggests although older people often experience some physical or mental decline this rarely impacts on work performance up to at least the age of 70 and that performance is similar across age groups. (There is a lack of research for older ages.) Despite this evidence, the prospect of the national default retirement age being removed is seen to imply a need for all employers to have good performance monitoring systems (covering employees of all ages) to enable fair dismissal if the performance of older employees declines. An important aim of the study was to inform this review and therefore this chapter focuses on retirement in relation to the DRA.

The impact of changes to the DRA or its abolition on retirement depends on employers’ current retirement practice. The main issues are:

- whether employers are familiar with operating without a retirement age (which they will be if they do not currently have a compulsory retirement age for at least some employees); and
- for those with a compulsory retirement age, whether this differs from the DRA.

²⁹ This reduces the opportunity of using retirement instead of redundancy or dismissal.

In addition, we identify the extent to which employers appear to be complying with a DRA of 65 and how the DRA procedures are applied.

'Retirement age' and 'pension age' are often used interchangeably, resulting in confusion. In particular, 'retirement age' is frequently used to mean the age at which the state pension becomes payable (65 for men and, currently, 60 for women) and also to mean the age at which an occupational pension may normally be drawn. In an employment context, 'retirement age' has two distinct meanings: the age set by an employer for retirement from the organisation and the age at which a worker leaves the labour force for retirement. These are not necessarily the same thing, as employers may allow employees to work after the employer's normal retirement age and individuals may move to other employment after being retired in one job. The following discussion is concerned with the retirement age and rules set by the employing organisation. At no stage do we mean to imply that employees may be forced into retirement (i.e. forced to leave the labour force), as opposed to have to leave their existing job.

8.2 Formal retirement policies

Forty per cent of establishments had a formal retirement policy. These were concentrated amongst larger establishments, resulting in 61 per cent of the workforce being in establishments with a formal retirement policy.

The incidence of formal retirement policies:

- increased with organisational size (from 23 per cent of small organisations to 77 per cent of those with more than 1,000 employees);
- was highest in the public sector (63 per cent) lower in the voluntary sector (45 per cent) and lowest in the private sector (33 per cent);
- was highest in Public administration and defence (91 per cent); in all other industries between 40 and 50 per cent of establishments had a formal policy, except in Manufacturing, Hotels and restaurants, Transport, storage and communication and Real estate, renting and business activities (30 to 40 per cent) and Construction (16 per cent);
- was highest in establishments with a recognised Trade Union (68 per cent compared with 31 per cent without);
- was highest in establishments with a Head office in the UK (with establishments abroad) or a Head office in Europe (65 per cent and 63 per cent respectively) and lowest in establishments in organisations wholly based in the UK (37 per cent);
- was highest for those with a compulsory retirement age (60 per cent) than without (31 per cent);
- was highest for those with an equal opportunities policy which addressed age (53 per cent), lower for those with an equal opportunities policy which did not explicitly cover age (27 per cent)

and lowest for those without an equal opportunities policy (eight per cent);

- rose (to 48 per cent) as the percentage of young employees declined except those with no employees aged under 25 were least likely to have a formal retirement policy (33 per cent);
- was lower for those with very high (over 75 per cent) or no employees aged over 50;
- was highest for establishments employing someone over state pension age (45 per cent) than not (35 per cent).

8.3 Normal retirement

Irrespective of a formal policy, employers were asked whether there was an age or an age range at which some employees were normally expected to retire (whether or not this was compulsory).

Around half of establishments did not have a normal retirement age for some staff (49 per cent), whilst a further six per cent had never had anyone retire (and so did not know) (Table 8.1). Just under half (43 per cent) had a normal retirement age for some staff. (Note that two per cent had a normal retirement age for some staff and no normal retirement age for some staff.) More of the larger establishments had a normal retirement age for some staff, with 63 per cent of employees working in such establishments.

Table 8.1 Normal retirement age

	SEPPP2	
	% establishments	% employees
Has a normal retirement age for some employees ^a	43	63
single age ^a	36	50
age range ^a	14	22
No normal retirement age for some employees ^a	49	34
Never had anyone retire	6	2
Don't know	5	4
<i>Base</i>	2205	2205

^a Multiple response.

A single normal retirement age was most common (36 per cent of establishments, with half of employees working in these establishments), whereas only 14 per cent of establishments (with 22 per cent of employees in these establishments) had a normal age range (and seven per cent had both). Put another way, over four in five establishments with a normal retirement age had a single age for some staff and around one third had an age range for some staff (and one in six had both).

The normal retirement age was generally at 65: 32 per cent of those with a single age and eight per cent of those with a range had this as the maximum age (Table 8.2). For those with a single age, most other retirement was at 60.

For those with a range, three per cent allowed retirement before the age of 65 and two per cent had a normal maximum age above 65.

Table 8.2 Normal retirement age: age

	% establishments			% employees		
	single age ^b	age range		single age	age range	
		min	max		min	max
Has normal retirement: single age/age range	36	14	14	50	22	22
under 55	)	1	0	)	3)
55 – 59	)*	2	*	)*	3)*
60 – 64 ^a	2	6	*	4	13	*
65	32	2	8	45	1	9
over 65	*	0	2	*	0	6
Don't know	1	3	4	1	2	7
<i>Base</i>	2205	2205	2205	2205	2205	2205

^a nearly all clustered at 60 ^b the youngest age, if there was more than one age.
Multiple response.

Having a normal retirement age below the DRA is legitimate, so long as there is no pressure to leave prior to the DRA. We turn to the issue of compulsion in the next section.

Having a normal retirement age:

- increased with organisational size (from 32 per cent of small organisations to 64 per cent of those with more than 1,000 to 9,999 employees), although it fell away in the very largest organisations (56 per cent);
- was most common in the public sector (63 per cent) less common in the voluntary sector (50 per cent) and least common in the private sector (37 per cent);
- was most common in Public administration and defence and Education (73 per cent and 69 per cent respectively); in all other industries between 39 and 49 per cent of establishments had a normal retirement age, except Hotels and restaurants and Construction (29 per cent and 31 per cent respectively);
- was more common in establishments with a recognised Trade Union (65 per cent) than without (37 per cent);
- was least common in establishments in organisations wholly based in the UK (41 per cent);
- was more common for those with a compulsory retirement age (92 per cent) than without (20 per cent);
- was more common for those with an equal opportunities policy which addressed age (51 per cent) than those with an equal opportunities policy which did not explicitly cover age (34 per cent) or those with without an equal opportunities policy (24 per cent);

- rose (to 50 per cent) as the percentage of young employees declined except those with no employees aged under 25 were least likely to have a normal retirement age (39 per cent);
- was less common for those with no employees aged over 50 (25 per cent).

Single age normal retirement was:

- least common for small organisations (28 per cent) and most common for those with 250-999 employees (57 per cent);
- most common in the public and voluntary sectors (48 per cent and 43 per cent respectively) and least common in the private sector (32 per cent);
- more common in Public administration and defence, Education and Manufacturing (58 per cent, 48 per cent and 45 per cent respectively); all other industries ranged from 30 to 40 per cent, except Hotels and restaurants and Construction (25 per cent and 27 per cent respectively);
- more common in establishments with a recognised Trade Union (47 per cent) than without (33 per cent);
- more common for those with a compulsory retirement age (78 per cent) than without (16 per cent);
- more common for those with an equal opportunities policy which addressed age (41 per cent) than those with an equal opportunities policy which did not explicitly cover age (29 per cent) or those with without an equal opportunities policy (22 per cent);
- less common for those with very high (over 75 per cent) or no employees aged over 50 (25 per cent and 19 per cent respectively).

The use of an age range for normal retirement:

- increased with organisational size (from eight per cent of small and medium-sized organisations through to 28 per cent of those with more than 1,000 employees);
- was most common in the public sector (28 per cent) and least common in the private sector and voluntary sector (10 per cent and nine per cent respectively);
- was more common in Public administration and defence, Education and Manufacturing (32 per cent and 37 per cent respectively); all other industries ranged from 10 to 20 per cent, except Real estate, renting and business activities, Manufacturing and Construction (all eight per cent);
- was more common in establishments with a recognised Trade Union (29 per cent) than without (none per cent);

- was more common for establishments with a Head office in the USA (26 per cent or more);
- was more common for those with a compulsory retirement age (28 per cent) than without (seven per cent);
- was less common in establishments without an equal opportunities policy (five per cent);
- was less common for those with no employees aged over 50 (eight per cent).

8.4 Compulsory retirement³⁰

Compulsory retirement was identified as the age at which employees had to retire unless management decided otherwise, i.e. the employee did not have the choice to remain unless granted by the employer.

8.4.1 The extent of compulsory retirement

Only about one third of establishments had compulsory retirement for any employees, although this resulted in 45 per cent of employees working in establishments with a compulsory retirement age (for at least some employees) (Table 8.3). This indicates that the majority of employers (employing more than half of the workforce) already operate without a compulsory retirement age, although, of course, the DRA would be available to these employers.

Table 8.3 Compulsory retirement

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Compulsory retirement				
for some	32	45	37	50
for none	62	52	57	45
don't know	6	3	6	5
youngest compulsory retirement age				
no specific age	1	1	-	-
don't know age	1	1	-	-
under 65 ^a	2	2	6	8
65	25	34	27	34
state pension age or 65	1	*	-	-
over 65	2 ^b	7 ^c	2	3
<i>Base</i>	2205	2205	2087	2087

^a Clustered at 60 ^b Clustered at 70 ^c Clustered at 70 and 75

³⁰ Figures are given for SEPPP1. However, the questions used to identify compulsory retirement were different in SEPPP1 than SEPPP2 and therefore the figures may not be comparable.

Nearly all compulsory retirement was at 65, with 25 per cent of establishments (covering 34 per cent of employees) having a compulsory retirement age of 65 for at least some employees. Only two per cent of both establishments and employees had a younger compulsory age. These may have been objectively justified or may have been in contravention of the EE(A)R. Two per cent of establishments had a higher compulsory age, mainly 70 or 75. These were concentrated in larger establishments resulting in seven per cent of employees working in such establishments. In addition, one per cent of establishments compulsorily retired employees but did not have a set age at which this might be done.

Comparison with SEPPP1 suggests a decline in the proportion of establishments with compulsory retirement since 2006, when 43 per cent of establishments employing 50 per cent of employees had it. The age of compulsion also appears to have risen slightly: in 2006 six per cent of establishments covering eight per cent of employees had a compulsory retirement age younger than 65. However, the changes identified may be due to differences in methods between the two surveys.

8.4.2 Characteristics of establishments associated with compulsory retirement

The majority of establishments across all organisational size bands did not have compulsory retirement: 52 to 56 per cent of those with 50 to 9,999 employees, 66 per cent of the largest organisations (10,000 employees and more) and 72 per cent of establishments in small organisations. Conversely, almost one half of establishments in organisations with 50 to 9,999 employees had compulsory retirement for at least some employees (44 to 48 per cent), but, for the largest organisations (10,000 and more employees) this fell to one third and only 28 per cent of small organisations.

Over half of establishments in each sector did not have compulsory retirement. The public sector had the fewest establishments operating without compulsory retirement (54 per cent). This rose to 60 per cent of the voluntary sector and 70 per cent of the private sector. Conversely, almost half of public sector establishments have compulsory retirement for at least some staff (46 per cent), but this falls to 40 per cent in the voluntary sector and only 30 per cent in the private sector.

Over half of establishments in every industry operated without a compulsory retirement age. In industries dominated by the public and voluntary sectors, this ranged from 54 per cent in Education to 64 per cent in Health and social work. In other industries, Financial intermediation and Manufacturing had the fewest establishment operating without a compulsory retirement age (54 per cent and 57 per cent respectively), whilst two-thirds of Transport, storage and communication and Real estate, renting and business activities and three-quarters of Construction, Wholesale and retail and Hotels and restaurants operated without a compulsory retirement age.

Other factors associated with having a compulsory retirement age were:

- having a recognised Trade Union (45 per cent had a compulsory retirement compared with 30 per cent of those without a recognised Trade Union);

- was more common for establishments with a Head office in the USA or in Europe (outside the UK) (around 55 per cent) compared with around one third of others;
- was less common in establishments with an equal opportunities policy which addressed age (39 per cent), than those with an equal opportunities policy which did not explicitly cover age (28 per cent) or without an equal opportunities policy (22 per cent);
- compulsory retirement tended to rise the fewer the percentage of employees aged under 25 (rising from 17 per cent of those with 75 per cent of employees aged under 25 to 42 per cent of those with five per cent of employees aged under 25), except only 32 per cent of those with no employees aged under 25 had compulsory retirement;
- was less common for those with no employees aged over 50 (26 per cent).

8.4.3 The importance of compulsory retirement

Whether or not an establishment practices compulsory retirement, the DRA enables all employers to compulsorily retire staff. Therefore all respondents were asked how important it was to be able to compulsorily retire staff. Only 14 per cent (covering 21 per cent of employees) saw this as very important, whilst 39 per cent (covering 47 per cent of employees) saw it as quite or very important (Table 8.4).

The perceived importance of being able to compulsorily retire differed depending on whether the establishment had compulsory retirement. Almost one quarter with compulsory retirement saw being able to compulsorily retire as very important, compared with only nine per cent of those which did not have compulsory retirement. The former covered 37 per cent of employees, compared with eight per cent of the latter, i.e. those who saw compulsory retirement as very important tended to be larger establishments. Fifty-eight per cent of those with compulsory retirement and 30 per cent of those without saw it as at least quite important that they could do this (employing 68 per cent and 31 per cent of the workforce respectively). Conversely thirty per cent of establishments without compulsory retirement saw it as not at all important that they could compulsorily retire employees and 64 per cent saw it as not very or not at all important.

Table 8.4 Importance of compulsory retirement

	all establishments		with compulsory retirement		no compulsory retirement	
	% establishments	% employees	% establishments	% employees	% establishments	% employees
Very important	14	21	24	37	9	8
Quite important	25	26	34	31	21	23
Not very important	31	28	26	23	34	33
Not at all important	22	18	10	5	30	31
Don't know	9	7	5	4	7	7
<i>Base weighted</i>	2205	2205	698	999	1375	1138
<i>Base unweighted</i>	2205	2205	845	845	1260	1260

Establishments in larger organisations were more likely to see being able to compulsorily retire employees as very important, rising from ten per cent in small organisations to 24 per cent in the largest (10,000 employees and more). However, there was little difference by organisational size for those who saw compulsory retirement as quite or very important (42 per cent to 47 per cent), except the smallest organisations (35 per cent).

The public sector put slightly more emphasis than other sectors on being able to compulsorily retire employees.

There was little difference between most industries in the importance attached to being able to compulsorily retire employees, except it seemed less important in Construction and Hotels and restaurants and more important in Public administration and defence and Health and social work.

Other characteristics associated with differences in perceived importance of compulsory retirement were:

- more of those with a recognised Trade Union saw it as very important (20 per cent compared with 12 per cent of others), although there was little difference in those seeing it as quite or very important;
- more of those with a Head office in the USA saw it as very important (22 per cent compared with 12 to 14 per cent of others), although there was little difference by Head office location for those attaching some importance to it (i.e. those seeing it as either quite or very important);
- more establishments with an equal opportunities policy which addressed age saw it as very important and also more saw it as very or quite important, compared with those with an equal opportunities policy which did not explicitly cover age or without an equal opportunities policy;
- fewer establishments with fewer than five per cent employee aged 50 and over saw it as important.

8.4.4 Reasons for having a compulsory retirement age

Those with compulsory retirement (for at least some employees) were asked why they had an age at which some employees had to retire. Nearly one quarter (of those with compulsory retirement) did not give a reason (Table 8.5). Over one third said the reason was historical. However, half gave a reason other than historical. Thirty-one per cent gave business reasons for having compulsory retirement and 28 per cent said it was due to legal requirements (including the EE(A)R), whilst 11 per cent said it was because it was kinder to or better for older employees to have compulsory retirement.

It might be expected that those who saw compulsory retirement as important would be more likely to have a reason for having compulsory retirement. This was the case: 57 per cent of establishments with compulsory retirement have a reason other than historical (Table 8.6). However, this means that 43 per cent of those who said it was important did not give a reason (other than historical) for having compulsory retirement.

Business reasons were more likely to be given by larger establishments and so this reason was given by establishments employing 38 per cent of employees working in establishments with compulsory retirement. Manpower planning was the most common business reason (20 per cent). A related reason, career planning for younger employees was given by two per cent. Capability of doing the job was given by 14 per cent of establishments, whilst connected reasons of older workers' productivity and older workers' costs were given by 11 per cent and four per cent respectively. The cost of sick pay was given as a reason for compulsory retirement by four per cent. Legal requirements cited were most often due to the EE(A)R (23 per cent of those with compulsory retirement).

Table 8.5 Reasons for having compulsory retirement

	all establishments		with compulsory retirement	
	% establishments	% employees	% establishments	% employees
Historical	11	16	35	35
Reason, other than historical	16	24	51	54
Business/Efficiency/cost	10	17	31	38
Manpower planning	6	12	20	27
Career progression of younger people	1	1	2	2
Capabilities of doing the job	4	6	14	12
Lower productivity of older employees	3	5	11	11
Higher cost of older employees	1	4	4	8
Sick pay costs	1	1	4	3
Business needs (unspecified)	0	1	1	2
Easier than dismissal	3	4	9	9
EEA/legal requirements	9	11	28	25
EEA Regulations	7	10	23	22
legal requirements	2	1	5	2
Easier/kinder than dismissal	3	5	11	11
Kinder than dismissal	3	5	10	10
For work/life balance i.e. so employees enjoy retirement	*	*	*	*
Don't know/no reason given^a	7	11	23	24
<i>Base weighted</i>	2205	2205	698	999
<i>Base unweighted</i>	2205	2205	845	845

Multiple response

^a Includes: Age triggers retirement process; Can carry on if they wish; Contract of employment/conditions of service; Individual discussion/decision; Pension contract/agreement/arrangement; Staff expectations.

The reasons for having a compulsory retirement age differed with the degree of importance placed on compulsory retirement. Business reasons featured more strongly amongst those seeing compulsory retirement as important (Table 8.6). Those who saw compulsory retirement as very important were also more likely to give reasons of it being kinder to retire than dismiss (18 per cent). Legal reasons were given with only slight variation across the importance of compulsory retirement.

Table 8.6 Reasons for having compulsory retirement by importance of compulsory retirement, % establishments with compulsory retirement

	Importance of compulsory retirement					Total
	Very important	Quite important	Not very important	Not at all important	Don't know	
Gave reason other than historical	57	57	41	54	31	51
Business/Efficiency/cost	43	36	19	23	15	31
EEA/legal requirements	29	31	23	34	13	28
Kinder than dismissal	18	11	7	6	1	11
TOTAL	100	100	100	100	100	100
<i>Base weighted</i>	167	240	183	70	38	698
<i>Base unweighted</i>	218	301	211	72	43	845
% of all establishments with compulsory retirement	24	34	26	10	5	100

Multiple response

Table 8.7 Reasons for having compulsory retirement by importance of compulsory retirement, % employees in establishments with compulsory retirement

	Importance of compulsory retirement					Total
	Very important	Quite important	Not very important	Not at all important	Don't know	
Gave reason other than historical	55	62	41	52	49	54
Business/Efficiency/cost	44	49	20	12	36	38
EEA/legal requirements	21	29	23	42	11	25
Kinder than dismissal	11	13	9	4	0	11
TOTAL	100	100	100	100	100	100
<i>Base weighted</i>	367	312	227	54	40	999
<i>Base unweighted</i>	218	301	211	72	43	845
% of all establishments with compulsory retirement	37	31	23	5	4	100

Multiple response

There was little discernible difference in the reasons given for having compulsory retirement by establishment characteristics. The importance of legal reasons seemed to grow slightly with size (from eight per cent to 14 per cent), although this was only significant at the ten per cent level. Manufacturing and Public administration and defence were more likely to give business reasons, as were the public and voluntary sectors and those with a Head office abroad (particularly in the US). Business reasons were also more common as the percentage of employees aged under 25 fell, other than for those with no employees aged under 25. Those with an equal opportunities policy addressing age were more likely to give a reason (other than historical), both legal and business.

8.4.5 Compulsory retirement and the DRA

One of the aims of this study was to help inform the review of the Default Retirement Age (DRA)³¹. The effect of abolishing or changing the DRA depends on the use and importance of compulsory retirement: if employers do not compulsorily retire then changes in the DRA are irrelevant to them. However, the existence of compulsory retirement alone does not wholly capture those affected by the DRA, as the DRA means that employers, whatever their retirement policy, may compulsorily retire an employee once they have reached the DRA. Moreover, the effect on employers depends on the reasons they compulsorily retire.

Below, the data on compulsory retirement, the importance of being able to compulsorily retire and the reasons given for having compulsory retirement are drawn together to assess the extent to which employers would be affected by changes to the DRA.

We have seen in the previous section that 32 per cent of establishments have compulsory retirement, 39 per cent see being able to compulsorily retire as important and that half of those with compulsory retirement could give a reason (other than that it was historical) for having compulsory retirement.

First, we consider the reasons (other than it being historical) given for having compulsory retirement, starting with business reasons (given by 31 per cent of those with compulsory retirement).

Amongst business reasons, by far the most common was manpower planning (Table 8.5). Planning staffing entails many uncertainties, including uncertainty over when employees will leave the organisation. Compulsory retirement provides much greater certainty of the leaving date of one group of employees: older workers. This raises the question of the extent that compulsory retirement eases manpower planning, as uncertainty over retention remains for employees of all other ages, except in the unusual organisations where lifetime employment remains the norm. Also included here may have been planning when staff numbers needed reducing and the avoidance of redundancy costs.

The other main business reasons related to older employees' capabilities and productivity. Research into older workers' performance suggests that, in very few jobs, should this be an issue with the implication that it is based more often on attitudes towards stereotypes of older people.

The most common non-business reason was legal requirements. The details of these were not explored and the qualitative research³² may have cast more light on these and their importance. One possibility is that it avoids using dismissal procedures and ensuring dismissal is fair and that retirement is easier and quicker, as well as enabling employers to unfairly dismiss employees (for staff employers wish to dismiss for other reasons).

The other reason (kindness to older employees) does not seem to be strong argument for the importance of compulsory retirement to employers.

³¹ The DRA and its review are described in Section 8.1.

³² Add footnote reference to BMRB employer qualitative research here

Thus it is questionable the extent to which employers with compulsory retirement would be affected in business or costs terms through the abolition of the DRA.

Second, the extent to which employers would be affected would depend on the importance they place on being able to compulsorily retire. The stated importance and the reasons given for having compulsory retirement give mixed messages. It seems plausible to assume that abolishing the DRA will have an effect on employers who said compulsory retirement was important and who gave a business or legal reason for having compulsory retirement and plausible that it would have little effect on others. Eleven per cent of all establishments had compulsory retirement and both saw it as very or quite important and gave a business or legal reason for having compulsory retirement (Table 8.8).

Employers without compulsory retirement were not asked why compulsory retirement was important. Let us assume that, amongst those who saw being able to compulsorily retire as very or quite important, a similar percentage to those with compulsory retirement would have given business or legal reasons and these are the employers which would be affected by abolition of the DRA. (The actual percentage is likely to be lower, as those without compulsory retirement are only using the facility in selective circumstances and so, for example, it is unlikely to contribute to their general manpower planning, although it might be used as an alternative to redundancies). This suggests that abolishing the DRA would make much difference to a maximum of 22 per cent of establishments (covering 28 per cent of the workforce).

These figures include those who gave, as a reason for wanting to be able to compulsorily retire, older employees' performance. If, as the research suggests, older workers' performance is rarely worse, then few, if any of these employers will see a decline in performance if the DRA is abolished. Excluding these employers from the estimates suggests abolishing the DRA would make much difference (i.e. it would remove a practice, the ability to retire compulsorily, that the employer uses, values and affects their business) to a maximum of 20 per cent of establishments (covering 24 per cent of the workforce). It should be stressed that this is an estimated maximum and, for the reasons given, the actual percentage is likely to be lower. Raising the DRA would affect fewer. This does not mean that other employers would not be affected at all, in that they may need (or feel the need) to introduce performance management policies and make other changes to adapt to an ageing workforce.

Table 8.8 Importance of compulsory retirement, % of all establishments and all employees

	all establishments		with compulsory retirement		no compulsory retirement	
	% establishments	% employees	% establishments	% employees	% establishments	% employees
	100	100	32	45	62	52
Importance of being able to compulsorily retire and gave business or legal reason	22	28	11	18	11	10
Very important	7	11	4	9	3	2
Quite important	13	16	6	9	7	7
Importance of being able to compulsorily retire and gave business or legal reason excluding older workers' performance	20	24	10	15	10	9
Very important	7	8	4	6	3	2
Quite important	13	16	6	9	7	7

Base 2205

8.5 Changes in retirement due to the EE(A)R

Employers were asked whether they had made any changes to their retirement policies due to the EE(A)R.

In total, 12 per cent of establishments said they had made changes to their retirement policy in response to the EE(A)R (Table 8.9). Those making changes employed 28 per cent of the workforce. The most common change was to allow more flexibility over retirement, including allowing employees to work beyond the retirement age (four per cent, covering ten per cent of employees). Other changes included introducing or getting rid of a formal retirement policy, changing the retirement age (which may have been the normal or the compulsory age), clarifying the policy and documentation and changing retirement procedures.

Table 8.9 Changes in retirement due to the EE(A)R

Factors affecting selection^a:	% establishments	% employees
Reported change in formal retirement policy due to EE(A)R ^{a,c}	12	28
introduced formal retirement policy	1	6
got rid of formal retirement policy	*	1
more flexible retirement/allow to work beyond retirement age	4	10
changed retirement age	1	2
clarified policy/documentation	1	1
changed procedures	1	2
<i>other</i>	3	6
no details given	1	2
Changed compulsory retirement	6	11
introduced	1	1
got rid of	1	4
changed age ^b	4	7
don't know if changed compulsory retirement due to EE(A)R	17	14
did not change compulsory retirement due to EE(A)R	76	75
<i>Base</i>	<i>2205</i>	<i>2205</i>

^a multiple responses could be given

^b The changes (calculated from their reported previous age compared with the reported current practice) were not always clear. It appeared that about half of these actually moved to no compulsory retirement age (from about half having 60 and half having 65); whilst one sixth moved to a retirement age of 65 from 60 and about one quarter reported both a previous and current age of 65. Others moved to and from other ages (some under and some over 65).

^c This excludes changes in the compulsory age reported below.

Six per cent of establishments also reported changing their compulsory retirement: one per cent each introduced or abolished compulsory retirement, whilst four per cent changed the age. These changes were more common amongst larger establishments, resulting in a higher percentage of employees being covered by changes.

In addition, as discussed in Section 8.4.4, 23 per cent of employers with compulsory retirement (seven per cent of all establishments) gave the EE(A)R as a reason for compulsory retirement being important. This suggests a poor understanding of the EE(A)R and the DRA.

Changes to retirement policy due to the EE(A)R had been more common in establishments in larger organisations, rising from seven per cent of establishments in small organisations, through 15 per cent of medium-sized to around one quarter of establishments in larger organisations. They had been more common in the public sector (21 per cent) and the voluntary sector (17 per cent) than the private sector (nine per cent). Reflecting this they had been particularly common in Public administration and defence (39 per cent), Education (20 per cent) and Health and social work (16 per cent), but the incidence of change did not vary greatly across other industries.

Other characteristics varying with changes in retirement policy due to the EE(A)R included:

- more of those with a recognised Trade Union had made changes (23 per cent compared with eight per cent of others);
- more of those with a Head office in the UK (but with establishments abroad) or elsewhere in Europe had made changes (22 per cent and 18 per cent respectively);
- those with compulsory retirement were more likely to have made changes (18 per cent compared to ten per cent of those without);
- more establishments with an equal opportunities policy which addressed age had made changes (17 per cent), compared with two per cent of others;
- establishments which employed someone over state pension age were more likely to have made changes.

8.6 The Default Retirement Age (DRA) procedures

Under the Default Retirement Age, employers wishing to retire an employee must follow statutory procedures. Employers must give notice of retirement between six and 12 months before the retirement date. Under the procedure, employees who have received notice of retirement may request to work beyond their retirement date ('the right to request')³³. Employers have a duty to consider this request, but they may refuse the request without reason.

Given the DRA is 65 for most employees the age by which the DRA procedures must have been invoked (for retirement at 65) is 64 years and six months. Employers were asked if they had employed anyone of this age and over since the DRA came into effect (October 2006) and, if so, their use of the procedures.

8.6.1 Use of the DRA procedure to retire

Retiring employees and using the DRA procedure is not common: 16 per cent of establishments, which employed 40 per cent of employees, had retired or tried to retire someone since the DRA came into operation (Table 8.10). Only 13 per cent had used the DRA procedure. However, this is partly because of lack of need: two-thirds of establishments had not employed anyone aged 64 years and six months over this period.

³³ Evidence from the qualitative research with employers within this programme of research suggested that some employees made this request even when their employer had not given them notice of retirement under the statutory procedure.

Table 8.10 Use of DRA, % establishments

	all establishments	employee aged 64 years 6 months or older since October 2006		
		compulsory retirement	no compulsory retirement	all establishments
employee aged 64 years 6 months or older since October 2006	35	100	100	100
retired or sought to retire an employee ^a	16	62	38	47
used DRA statutory procedure	13	55	26	37
per cent of all establishments	100	13	21	35
<i>Base weighted</i>	2205	289	473	765
<i>Base unweighted</i>	2205	512	614	1132

^a Employers were asked whether they had retired, dismissed or sought either for older employees since EE(A)R. Although the DRA procedures are supposed to be used for retirement and not dismissal, employers may not make this distinction.

Turning to the 35 per cent of establishments which had employed someone of the relevant age in this period, almost half (47 per cent) had either retired or sought to retire an employee since October 2006. Thirty-seven per cent had used the DRA statutory procedure. (This does not mean that those which did not use the procedure unlawfully retired an employee: the employee may have left or retired of their own accord.)

Although these figures show use of the DRA and retirement, they do not indicate the extent to which employers needed the DRA in order to retire employees, as the figures will include some employees choosing to retire. Thus, at best, it indicates the maximum percentage of employers who felt they needed to be able to compulsorily retire employees legally.

Establishments with compulsory retirement were more likely to have retired or sought to retire than those without (62 per cent and 38 per cent respectively) and to have used the DRA procedure (55 per cent and 26 per cent respectively).

The extent to which the DRA was used to retire employees differed by establishment characteristics. First, we look at all establishments, irrespective of whether they employed anyone in the relevant age group, in order to explore the extent to which the DRA is used. More establishments in organisations with 250-999 employees had used it (38 per cent), falling to around one fifth to one quarter for other establishments, except those in small organisations (six per cent). Usage was high in Public administration and defence (28 per cent) and Transport, storage and communications (20 per cent) and low in Hotels and restaurants (four per cent).

Considering only those with employees in the relevant age group, the pattern of use of the DRA procedure to retire shows the maximum extent to which different types of organisations may wish to compulsorily retire employees, although it cannot take into consideration the number of relevant employees. Two thirds of establishments in organisations with 250-999 employees which had an employee of the relevant age had tried to retire an employee using the

DRA (67 per cent). Only 21 per cent of establishments in small organisations had done so. The pattern varied for other organisational sizes 50 to 249 and 1,000 to 9,999 the percentage was around 47; and 59 per cent for those with 10,000 or more. The public sector had used the procedure more (48 per cent) compared with 34 per cent in other sectors. Usage was high in Public administration and defence (58 per cent), Education (46 per cent) and Construction (52 per cent) and low in Hotels and restaurants (16 per cent).

8.6.2 Experience of the DRA right to request

One quarter of all establishments (24 per cent, employing 51 per cent of the workforce) and the majority of those with an employee aged 64 years 6 months or older (58 per cent) had received a right to request since October 2006 (Table 8.11). Eighty-three per cent of those receiving requests had granted all requests and 13 per cent had granted some only. Very few had not granted any requests. Overall, 20 per cent of establishments had granted all requests (ten per cent had received one request only) and four per cent of establishments had turned down one or more requests.

Table 8.11 DRA right to request, % establishments

	all establishments	employee aged 64 years 6 months or older since October 2006		
		with compulsory retirement	no compulsory retirement	all establishments
employee aged 64 years 6 months or older since October 2006	35	100	100	100
had requests under the DRA to work longer	24	64	54	58
Requests granted				
all	20	44	50	48
some	3	15	2	7
none	1	4	0	2
don't know	1	1	1	1
<i>Base weighted</i>	2205	289	473	765
<i>Base unweighted</i>	2205	512	614	1132

The extent to which establishments had had DRA requests to work longer differed by establishment characteristics³⁴. More establishments in organisations with 250-999 employees had had it (47 per cent), least in small organisations (15 per cent) and 38 per cent of the rest. Requests were high in Public administration and defence (50 per cent) and in Education, Health and social work Transport, storage and communications (around one third) and low in Financial intermediation (11 per cent).

³⁴ We look here at all establishments, regardless of whether they employed anyone of the relevant age, in order to explore the extent to which the DRA is used.

Considering only those with employees in the relevant age group, a slightly different pattern emerges. DRA requests grew with size: 41 per cent of the smallest organisations, 65 per cent of medium-sized and around three-quarters of larger. Requests were highest in the public sector (76 per cent), followed by the voluntary sector (62 per cent) and the private sector (51 per cent). It was high in Public administration and defence (82 per cent) and in Education (75 per cent) and Health and social work (74 per cent) and low in Financial intermediation (37 per cent).

8.7 Retirement: summary

8.7.1 Formal retirement policy

The majority of establishments operated without a formal retirement policy. Forty per cent of establishments (employing 61 per cent of the workforce) had a formal retirement policy. This grew with organisational size. It was lowest in the private sector and in Manufacturing, Hotels and restaurants, Transport, storage and communication and Real estate, renting and business activities, and, particularly, in Construction.

8.7.2 Normal retirement age

Irrespective of a formal policy, employers may have a normal retirement age, i.e. an age or an age range at which some employees were normally expected to retire (whether or not this was compulsory):

- 49 per cent of establishments (employing 34 per cent of the workforce) did not have a normal retirement age for any staff ;
- 43 per cent of establishments (employing 63 per cent of the workforce) had a normal retirement age for some staff;
 - 36 per cent of establishments (employing 50 per cent of the workforce) had a single normal retirement age;
 - 14 per cent of establishments (employing 22 per cent of the workforce) had a normal age range;
 - this includes seven per cent with both.
- six per cent of establishments (employing two per cent of the workforce) had never had anyone retire (and so did not know).

The normal retirement age (or maximum for those with a range) was generally at 65 (40 per cent of establishments, employing 54 per cent of the workforce). For those with a single age, most other retirement was at 60. For those with a range, three per cent allowed retirement before the age of 65 and two per cent had a normal maximum age above 65. Having a normal retirement age below the DRA is legitimate, so long as there is no pressure to leave prior to the DRA.

Having a normal retirement age generally increased with organisational size, was least common in the private sector and in Hotels and restaurants and Construction. Having a single age for normal retirement was most common for organisations with 250-999 employees, for the public and voluntary sectors and Public administration and defence, Education and Manufacturing. The use of an

age range for normal retirement increased with organisational size, was least common in the private and voluntary sectors and was least common in Real estate, renting and business activities, Manufacturing and Construction.

8.7.3 Compulsory retirement

Compulsory retirement was identified as the age at which employees had to retire unless management decided otherwise, i.e. the employee did not have the choice to remain unless granted by the employer.

- 32 per cent of establishments (employing 45 per cent of the workforce) had compulsory retirement for some (or all) employees,
- 62 per cent of establishments (employing 52 per cent of the workforce) did not have compulsory retirement for any employees.

This indicates that the majority of employers (employing around half of the workforce) already operate without a compulsory retirement age, although, of course, the DRA would be available to these employers.

- nearly all compulsory retirement was at 65 (25 per cent of establishments, covering 34 per cent of the workforce);
- two per cent had a younger compulsory age, which would be unlawful, unless it was objectively justified;
- two per cent of establishments (employing seven per cent of the workforce) had a higher compulsory age, mainly 70 or 75.

Compulsory retirement grew with organisational size, was most common in the Public sector and in Education, Public administration and defence, Health and social work, Financial intermediation and Manufacturing. However, the majority of establishments across all size bands, sectors and industries did not have compulsory retirement.

Only 14 per cent (covering 21 per cent of employees) saw being able to compulsorily retire employees as very important, whilst 39 per cent (covering 47 per cent of employees) saw it as quite or very important. Those with compulsory retirement were much more likely than those without to see being able to compulsorily retire employees as important (24 per cent very important and a further 34 per cent quite important).

The Public sector put slightly more emphasis than other sectors on being able to compulsorily retire employees. There was little difference in perceived importance by organisation size or industry, except that the smallest organisations seemed to see it as less important, as did Construction and Hotels and restaurants and Public administration and defence and Health and social work saw it as more important.

Those with compulsory retirement (for at least some employees) were asked why they had a compulsory retirement age. Only half (51 per cent of those with compulsory retirement or 16 per cent of all establishments) were able to give a reason (other than it being historical):

- business reasons (31 per cent of those with compulsory retirement, equivalent to ten per cent of all establishments, employing 17 per cent of the workforce), with manpower planning the most common;

- legal requirements (28 per cent of those with compulsory retirement, equivalent to nine per cent of all establishments, employing 11 per cent of the workforce)
- kinder to or better for older employees (11 per cent of those with compulsory retirement, equivalent to three per cent of all establishments, employing five per cent of the workforce)

Those who saw compulsory retirement as important were more likely to give a reason (other than historical) for having compulsory retirement (57 per cent of establishments with compulsory retirement). However, this means that 43 per cent of those who said being able to compulsorily retire was important were unable to give a reason for this.

8.7.4 Effects of changing or abolishing the DRA

Taking into account the use of compulsory retirement and the reasons for its use, together with the importance attached to being able to compulsorily retire, we estimate that abolishing the DRA would make much difference to a maximum of 20 per cent of establishments (employing 24 per cent of the workforce). However, the actual percentage is likely to be lower. Raising the DRA would affect fewer.

8.7.5 The Default Retirement Age (DRA) procedures

Under the Default Retirement Age, employers wishing to retire an employee must follow statutory procedures. Employers must give notice of retirement between six and 12 months before the retirement date. Employees may request to work beyond their retirement date (the 'right to request'), although employers may refuse this request without reason.

Given the DRA is 65, for most employees the age by which the DRA procedures must be invoked (for retirement at 65) is 64 years and six months. Employers were asked if they had employed anyone of this age and over since the DRA came into effect (October 2006) and, if so, their use of the procedures:

- Thirty-five per cent of establishments (employing 59 per cent of the workforce) had employed someone aged 64 years and six months. Of these:
 - 47 per cent had retired or tried to retire someone (16 per cent of all establishments, employing 40 per cent of the workforce);
 - 37 per cent had used the DRA procedure (13 per cent of all establishments, employing 36 per cent of the workforce);
 - 58 per cent had received a right to request (24 per cent of all establishments, employing 51 per cent of the workforce). Of these:
 - 83 per cent had granted all requests (20 per cent of all establishments);
 - 13 per cent had granted some (three per cent of all establishments);

- three per cent had refused all requests (one per cent of all establishments).

These figures do not indicate the extent to which employers needed the DRA in order to retire employees, as the figures will include some employees choosing to retire.

Usage of the DRA to retire employees was highest amongst organisations with 250-999 employees and in Public administration and defence and Transport, storage and communications. It is very low in Hotels and restaurants. Taking into account whether the organisation employed someone of the relevant age, usage was high in the Public sector, Public administration and defence, Education and Construction and low in Hotels and restaurants and in small organisations.

Establishments with compulsory retirement were more likely to have retired or sought to retire than those without (62 per cent and 38 per cent respectively) and to have used the DRA procedure to retire employees (55 per cent and 26 per cent respectively).

More establishments in organisations with 250-999 employees had had a right to request. Requests were high in Public administration and defence and in Education, Health and social work, Transport, storage and communications and low in Financial intermediation. Considering only those with employees in the relevant age group, DRA requests grew with organisational size. Requests were highest in the public sector and lowest in the private sector. They were high in Public administration and defence, Education and Health and social work and low in Financial intermediation.

8.7.6 Changes since 2006

Comparison with SEPPP1 suggests that fewer establishments now have a compulsory retirement age and that the age of compulsion has risen slightly. However, these identified changes may be due to differences in methods between the two surveys. At the same time, employers reported making changes due to the EE(A)R:

- 12 per cent of establishments (employing 28 per cent of the workforce) had changed their retirement policy:
 - four per cent (covering ten per cent of employees) had introduced more flexibility over retirement, including allowing employees to work beyond the retirement age;
 - other changes included introducing or getting rid of a formal retirement policy, changing the retirement age (normal or compulsory), clarifying the policy and documentation and changing retirement procedures.
- six per cent of establishments (employing eleven per cent of the workforce) changed their compulsory retirement:
 - one per cent (employing one per cent of the workforce) introduced compulsory retirement;

- one per cent (employing four per cent of the workforce) abolished compulsory retirement;
- four per cent (employing seven per cent of the workforce) changed the compulsory retirement age.
- 23 per cent of employers with compulsory retirement (seven per cent of all establishments) gave the EE(A)R as a reason for compulsory retirement being important. This suggests a poor understanding of the EE(A)R and the DRA.

Changes to retirement policy due to the EE(A)R had been more common in larger organisations, the public sector and the voluntary sector) and in Public administration and defence, Education and Health and social work, but differed little across other industries.

Other characteristics varying with changes in retirement policy due to the EE(A)R included:

- more of those with a recognised Trade Union had made changes (23 per cent compared with eight per cent of others);
- more of those with a Head office in the UK (but with establishments abroad) or elsewhere in Europe had made changes (22 per cent and 18 per cent respectively);
- those with compulsory retirement were more likely to have made changes (18 per cent compared to ten per cent of those without);
- more establishments with an equal opportunities policy which addressed age had made changes (17 per cent), compared with two per cent of others;
- establishments which employed someone over state pension age were more likely to have made changes.

9 Attitudes

The study concentrated on policies and practices which had an age dimension. However, the reason for some discriminatory policies and practices (and the need for policies and practices to curb these) is discriminatory attitudes. The survey tried to identify discriminatory attitudes by asking respondents whether certain jobs were more suitable for certain ages. This approach is not ideal, and is likely to underestimate discriminatory attitudes. However, respondents were selected as the most senior person at the workplace with responsibility for human resource issues and nearly all were managers or directors (and half were of General Manager/Chief Executive Officer seniority) (see Table 1.10). Thus although the attitudes described are the personal attitudes of the respondents, these are liable to influence practice in the workplace.

The same attitudinal questions were asked in SEPPP1. Comparison of the two surveys allows us to identify whether attitudes have changed since 2006 and since the implementation of the EE(A)R. .

9.1 Age suitability of jobs generally

Twenty-three per cent of respondents said that some jobs in their establishment were more suitable for some age groups than others (Table 9.1). Similar percentages thought this for managerial and senior administrative jobs as for other jobs (12 per cent and 14 per cent respectively). There has been no change since 2006.

Table 9.1 Attitudes: belief that age affects suitability for some jobs

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Some jobs in the establishment are more suitable for certain ages	23	19	21	19
Some managerial and senior administrative jobs in the establishment are more suitable for certain ages	12	8	11	7
Some jobs, other than managerial and senior administrative jobs in the establishment are more suitable for certain ages	14	11	13	11
<i>Base</i>	<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

Multiple response.

The belief that age affected suitability for some jobs varied with establishment characteristics:

- was less common in establishments in organisations with between 250 and 999 employees (nine per cent);
- was less often reported in the voluntary sector (13 per cent) and the public sector (18 per cent) than the private sector (26 per cent);
- was more commonly held by respondents in Construction (26 per cent), Wholesale and retail (28 per cent) and Hotels and restaurants (35 per cent) and was least often reported by respondents in Education (14 per cent);
- was more commonly reported by respondents in establishments with a US Head Office (32 per cent);
- less commonly reported in establishments with Trade Union recognition (16 per cent, compared with 25 per cent of establishments without Trade Union recognition);
- was less commonly reported in establishments with an equal opportunities policy which did explicitly cover age (20 per cent) than others (28 per cent to 31 per cent). Assuming that these policies had not always been introduced by the respondent, this suggests such policies may reduce discriminatory attitudes;
- was more commonly reported the higher the percentage of employees aged under 25, rising from 19 per cent of those with under five per cent of young employees to 33 per cent of those with between 25 per cent and 75 per cent of young employees;
- was more commonly reported by respondents in establishments no employees aged over 50 (33 per cent) and least where between five and ten per cent were aged over 50.

As attitudes relate to the individual respondent, unlike policies and practices, attitudes may vary with respondents personal characteristics. This was examined in respect to age, gender and job title.

- The belief that some jobs in the establishment were more suitable to certain ages grew slightly with the age of the respondent, particularly in relation to managerial and senior administrative jobs;
- The belief differed with the respondent's job; it was more often held by owners/partners (37 per cent) and Managing Directors/Chairs/CEOs (38 per cent); it was less often held by Human Resource specialist at all levels (15 per cent) and General managers (17 per cent);
- Female respondents were less likely to believe that age affected suitability (19 per cent compared with 28 per cent of male respondents).

9.2 Attitudes: largest occupational group, details of age suitability

Respondents were asked about the age suitability of jobs in their largest occupational group in more detail. Nine per cent felt that such jobs were more suitable for certain age groups (Table 9.2).

This view was most often held for Routine unskilled staff (19 per cent) and for Skilled trade staff (13 per cent). It was rarely held for Process, plant and machine operatives (two per cent) and Administrative and secretarial (three per cent).

Table 9.2 Attitudes: job suitability by age for the largest occupational group

	SEPPP2		SEPPP1	
	% establishments	% establishments where age affects suitability for largest occupational group	% establishments	% establishments where age affects suitability for largest occupational group
Jobs in the largest occupational group are considered more suitable for certain ages	8	100	8	100
Age ranges that are most suitable				
under 25 years	3	36	1	20
25-39 years	7	95	5	64
40-49 years	6	73	4	54
50 years or older	3	41	3	38
don't know most suitable ages	*	5	1	8
Age ranges that are less suitable				
under 25 years	5	64	5	66
25-39 years	1	6	1	11
40-49 years	1	13	1	7
50 years or older	4	50	2	28
don't know less suitable ages	1	11	1	15
<i>Base weighted</i>	2205	165	2087	133
<i>Base unweighted</i>	2205	133	2087	^a

Multiple response.

^a Not available

Although all age bands were identified by some respondents as most suitable, respondents favoured prime age workers (aged 25 to 49) for their largest occupational group. Those under 25 years old or over 50 were more likely to be looked on as less suitable. However, the percentage reporting these views was small. This pattern is unchanged from 2006.

The percentage favouring or finding certain ages less suitable was similar across occupational groups, except that compared with other occupations:

- 25 to 39 year olds were more likely to be favoured for Skilled trades;

- for Managers and senior officials, only under 25 year olds were disadvantaged: over 50s were as likely to be considered suitable as those between 25 and 50.

For Routine unskilled staff, as already said, respondents were more likely to see certain ages as more suitable. This was due to each age having a greater number of supporters and detractors, but in similar proportions to other occupational groups, rather than to certain ages being seen as suitable more disproportionately more. The figures make this easier to see: for the four age groups starting with under 25s, the percentage seeing the age group as more suitable was: 12 per cent, 19 per cent, 16 per cent and eight per cent.

9.3 Attitudes: summary

The study focussed on employers' policies and practices. However, age discrimination also stems from individual attitudes. The study investigated attitudes through respondents' views about the suitability of jobs for different age groups. Many of the respondents were important influencers of practice (and policy) in their establishments and so their attitudes may have a disproportionate bearing on age discrimination in their establishment.

Twenty-three per cent believed some jobs in their establishment were more suitable for certain ages than others:

- 12 per cent believed this of managerial jobs;
- 14 per cent believed this of other jobs.

Eight per cent believed that jobs in their largest occupational group were more suitable for certain ages than others. Although all age bands were identified by some respondents as most suitable, for most of these jobs, there was a tendency to favour prime age workers (25-49 years old). The exceptions were skilled trades (favouring 25 to 39 year olds) and Managers and senior officials where only under 25s (and not over 50s) were disadvantaged.

There had been no change in the extent to which respondents saw age as affecting suitability.

10 Conclusions and overview

10.1 Introduction

This chapter draws together findings across the chapters to provide an overview of the extent and nature of employers' age-related policies, practices and attitudes and how these have changed since the first survey (SEPPP1) in 2005/06, prior to the Employment Equality (Age) Regulations. The chapter does not attempt to summarise the full report, focussing instead on linkages across chapters and key issues. For summaries, see the Report Summary at the start of the report and individual chapter summaries.

The study has identified the role of age in key policies and practices in the workplace and how these have changed since the EE(A)R. It could not cover all policies and practices. Nor could it identify the extent to which individuals are subject to each discriminatory policy and practice. It has only touched on employers' attitudes. Irrespective of policies and declared practice, the attitudes of recruiters and managers will affect the extent of direct discrimination. Thus the study provides a good, if not a complete, description of the ways in which age discrimination is perpetuated in the workplace, the age groups affected and the key policies and practices contributing to age discrimination.

The chapter is structured as follows. The policies, practices and attitudes relating to age which have been covered in the report are summarised in the next section to identify the human resource areas (i.e. recruitment, pay and other benefits, staff development and leaving) which are most affected by age-related policies and practices. The section also describes the pattern of policies and practices guarding against age discrimination. Section 10.3 is devoted to compulsory retirement and the possible effects of raising or abolishing the DRA. The extent of change in policies, practices and attitudes since SEPPP1 and the EE(A)R is described in Section 10.4. Section 10.5 considers the focus for further action to reduce age discrimination in employment. The chapter concludes with a summary.

10.2 The pattern of policies, practices and attitudes relating to age, 2010

This section draws together the evidence on policies, practices and attitudes to show how age plays a role across the range of human resource areas, i.e. recruitment, pay and other benefits, development (training and promotion) and leaving (redundancy and retirement). This allows us to identify the more problematic areas (rather than, as in the previous chapters, the more problematic policies and practices within an area) and the aggregate effect on different age groups. Policies and practices relying on age, length of service and other age-related factors are examined separately to explore whether the

greatest problems may lie with direct or indirect discrimination (whether lawful or not).

Most of the policies, practices and attitudes which have been covered in the report are considered, although those which are very common but likely to have only a small relationship with age (e.g. using qualifications as a criterion for recruitment) are excluded. The inclusion of these policies and practices would overstate the extent of age discriminatory policies and practices and reduce the ability to identify the areas of most concern. Otherwise, policies and practices are considered whether they are common or rare and whether they may be lawful or not. If many different, individually rare, policies and practices in one area (e.g. recruitment) are used, then in total, result in widespread discriminatory policies and practices in that area.

10.2.1 Age as a direct factor in employment policies and practices

Age, explicitly, played a role in all areas of employment (recruitment, pay and other benefits, development and leaving) (Table 10.1).

Recruitment Age preferences appeared in recruitment advertisements, age data was collected and seen by recruiters and selection criteria included age (and time to retirement). In total, thirty-one per cent reported age preferences or had age criteria for recruitment (i.e. had one or more of the following: a maximum recruitment age; used age or time before retirement as a selection criterion; said some ages counted for or against applicants; normally included a preferred age range in advertisements). In one quarter of establishments recruiters were provided with age data, which may enable or inadvertently encourage age discrimination.

Pay and other benefits: Once recruited, age affected pay, pension accrual, sick pay and other benefits. Most commonly, this restricted pension accrual (a serious restriction for older workers wishing to improve their pension) and pay largely through the use of young people's rates, but also through age affecting starting salaries (outside young people's rates).

Staff development Age and time to retirement were criteria for training and promotion in a small percentage of establishments only. The ages affected were not examined although, for training, it was clear that workers above a certain age were disadvantaged (as time to retirement was the criterion).

Leaving Redundancy and, obviously, retirement were the other human resource policies and practices where age most commonly played a role. Age was a criterion for compulsory redundancy selection, voluntary redundancy eligibility and, most commonly, for compulsory redundancy pay enhancement. Almost one third of establishments (covering almost 45 per cent of the workforce) had compulsory retirement for at least some staff, although this was under 65 for only two per cent of establishments. Retirement is discussed further in Section 10.3.

Thus age continues to play a direct role in policies and practices across the range of human resource areas. In addition to retirement, it is particular common in recruitment and, due to a maximum age for pension accrual, in benefits. However, age may play a role in addition to that reported by

respondents, due to discriminatory attitudes, as respondents in almost one quarter of establishments believed that age affected job suitability.

Although each of these aspects is discriminatory (or may aid discrimination), it is not clear the extent to which each is unlawful. This depends on each establishment's circumstances and the details of their policies and practices. Some will be lawful because they are practiced against those aged over the DRA (or an objectively justified younger age)³⁵, because they are covered by a specific exemption or because they meet an exemption test (such as objective justification or reasonable business need).

³⁵ Note that not all policies and practices can be lawfully practiced against those older than the DRA.

Table 10.1 Age, including time to retirement, as a direct factor in employment policies and practices

		SEPPP2		SEPPP1	
		% establishments	% employees	% establishments	% employees
Attitudes	belief that job suitability differs by age	23	19	21	19
Recruitment	<i>Preferences and criteria (a to e)</i>	31 ^a	-	-	-
	a) has a maximum recruitment age	15	-	15	-
	under 64.5	4	-	3	-
	b) selection criteria				
	age	9	-	9	-
	expected length of service, judged by age	9	-	7	-
	expected length of service judged by time before retirement	15	-	18	-
	c) some ages count against applicants	11	-	8	-
	d) some ages count in favour of applicants	3	-	-	-
	e) normally include preferred age range in advert	2	-	6	-
	<i>Processes</i>				
	age data seen by recruiters	25	-	44	-
Pay	youth rates	10	-	11	-
	starting salary takes into account age (other than youth rates)	5	-	-	-
	pay affected by age (other than youth rates)	1	-	5	-
Pensions	Maximum age for pension accrual	20	28	-	-
Sick pay	maximum age for eligibility	1	1	6	7
Other benefits	minimum age for eligibility for other benefits	1	1	1	2
	maximum age for eligibility for other benefits	2	3	1	1
Training	selection criteria include age (including as a measure of potential length of service)	2	-	-	-
	selection criteria include period to retirement	5	-	8	-
Promotion	affected by age	3	-	4	5
Retirement	compulsory retirement age for some staff	32	45	37	50
Redundancy^b	compulsory redundancy selection criterion: age	4	2	11	10
	compulsory redundancy pay enhancements based on age	8	18	16	22
	decrease close to retirement	1	1	-	-
	otherwise increase with age	6	13	-	-
	otherwise decrease with age	*	*	-	-
	voluntary redundancy eligibility criterion: age	2	1	5	7

<i>Base</i>	2205	2205	2087	2087
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^a percentage is of those with one or more age criterion or preference in recruitment process, i.e. one or more of the following: a maximum recruitment age; used age or time before retirement as a selection criterion; said some ages counted for or against applicants; normally included a preferred age range in advertisements.

^b percentage is of those with recent experience of redundancies or with a relevant policy.

- no employee estimates, as data refers to largest occupational group

10.2.2 Length of service in employment policies and practices

Length of service as a criterion in human resource policies and practices is indirectly age discriminatory (as length of service increases with age)³⁶. However, for pay, other benefits, redundancy selection and enhanced redundancy payments length of service criteria for periods of up to five years are lawful, as are longer periods if it reasonably appears to the employer to satisfy a business need. Length of service is also a lawful criterion affecting enhanced redundancy pay if the enhancements mirror statutory redundancy pay.

Length of service was used in relation to a range of benefits (including sickness benefit, health insurance and care) (Table 10.2). Few establishments used length of service beyond five years, except for annual leave, where longer periods were common.

Table 10.2 Length of service in employment policies and practices

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Length of service for incremental pay scales	11	-	21	-
Length of service extending above five years				
incremental pay scales	5	-	5	-
annual leave	27	38	-	-
enhanced sickness benefit (exclusions/restrictions)	1	5	-	-
health insurance/health care	1	2	-	-
loyalty awards/bonus	2	3	-	-
other ^a benefits	2	2	-	-
<i>Base</i>	2205	2205	2087	-
Redundancy ^b : length of service criterion				
compulsory redundancy selection criteria	42	36	40	40
compulsory redundancy pay enhancements	31	43	27	38
voluntary redundancy eligibility criteria	10	5	11	12
<i>Base weighted</i>	1114	1572	1007	1006
<i>Base unweighted</i>	1342	1342	1221	1221

^b percentage is of those with recent experience of redundancies or with a relevant policy.

- no employee estimates, as data refers to largest occupational group

³⁶ This holds even though looking at an organisation's workforce there will not be a direct correlation between length of service and age, as not everyone is recruited at the same age.

Length of service was used widely as a criterion for redundancy, affecting compulsory redundancy selection, compulsory redundancy pay enhancements and voluntary redundancy eligibility.

Whilst these policies and practices may be lawful if they satisfy certain criteria, they are indirectly discriminatory. For the policies and practices examined, the main areas in which length of service may be of concern, owing to their high usage are annual leave (which results in discrimination against younger people) and redundancy. Criterion such as 'last in first out' tends to lead to younger people being made redundant. Conversely, criteria which selects or encourages older workers to take redundancy is of concern because of the wider social implications given the greater difficulties for older (compared with prime age) people to find a new job. The restrictions and exclusions on enhanced sickness benefit may also be of concern, given it affects establishments which employ five percent of the workforce.

10.2.3 Other potentially indirectly discriminatory employment policies and practices

The survey collected information about only a small number of other potentially indirectly discriminatory policies and practices. (A wider range were examined in SEPPP1 and are discussed in Metcalf and Meadows, 2006). Therefore, those described here should not be seen as covering the full set of potentially discriminatory policies and practices.

Other potentially indirectly discriminatory policies and practices were found in over 40 per cent of establishments for recruitment, pay and redundancy (Table 10.3). The extent that each of these resulted in indirect age discrimination was unclear. In addition, whilst these practices were relatively rare for training (seven per cent of establishments) the consequences of lack of training are important.

The main methods of potentially indirect discrimination identified were:

- expected length of service as a selection or reward criterion. Tenure varies with age (as young people and those approaching retirement tend to have shorter tenure and workers with market power may be seen as more likely to leave unless treated well). The periods required were normally relatively short (only 19 per cent of establishments which had recruited in the previous five years, equivalent to 17 per cent of all establishments, sought periods longer than one year), but might be problematic for those approaching retirement or young workers;
- starting salary taking into account previous salary: this embeds any previous discrimination;
- disability or health as a recruitment criterion and sickness/absence records as a compulsory redundancy selection criterion. Disability, health, sickness and absence vary with age.

These approaches could be indirectly discriminatory not only because of differences in their incidence by age, but because of employers' expectations in relation to these criteria may be affected by age.

These types of indirect discrimination are particularly problematic to address, as their discriminatory effects are difficult to measure, because their usage is widespread and because they appear to have (and often do have) business rationales. These difficulties should not lead to them being overlooked as sources of age discrimination. Moreover, their policy importance is not confined to age discrimination, with starting salary taking account previous salary affecting all equality groups and the other two having gender and disability discrimination implications.

Table 10.3 Other potentially discriminatory factors in employment policies and practices

		SEPPP2		SEPPP1	
		% establishments	% employees	% establishments	% employees
Recruitment	Selection criteria: expected length of service	43	-	43	-
	require one year or less	18	-	20	-
	require one to three years	11	-	9	-
	require more than three years	6	-	4	-
	Disability or health	29	-	23	-
Pay	merit or performance pay, but no formal appraisal	8	-	15	-
	pay affected by expected likelihood of leaving	4	-	16	-
	starting salary takes into account current salary	43	-	42	-
Training	selection criteria include expected length of service	7	-	8	-
<i>Base</i>		<i>2205</i>		<i>2087</i>	
Redundancy ^b	compulsory redundancy selection criteria includes sickness absence records	44	52	41	46
	<i>Base weighted</i>	<i>1114</i>	<i>1572</i>	<i>1007</i>	<i>1006</i>
	<i>Base unweighted</i>	<i>1342</i>	<i>1342</i>	<i>1221</i>	<i>1221</i>

^b percentage is of those with recent experience of redundancies or with a relevant policy.

- no employee estimates, as data refers to largest occupational group

10.2.4 Ages experiencing discrimination

The policies, practices and attitudes identified mainly disadvantaged people at either end of the working age spectrum: older people (over 50) and younger people (aged under 22 and, particularly, aged under 18).

- Older people were disadvantaged by a range of recruitment practices, maximum ages for various benefits, the use of period to retirement as a criterion for a range of practices and through compulsory retirement;
- Younger people were disadvantaged through the use of youth rates and the use of length of service criteria across a range of policies, including benefits (particularly pay and annual leave) and redundancy;

- Both older and younger age groups were more likely than other age groups to be disadvantaged by employers' attitudes and through the use of criteria based on expected length of service, likelihood of leaving and sickness/absence records, which were used in relation to recruitment, pay, training and redundancy.

These two age groups sometimes experienced advantageous treatment or attitudes, but this is unlikely to outweigh their disadvantage.

We suspect that disadvantage for young people and for older people aged over 65 has been underestimated in the study, including for the policies and practices examined. Respondents did not always mention lack of opportunity for those after retirement or state pension age (because, we suspect, it was thought this group was irrelevant). We would expect that the same overlooking of very young workers (particularly under 18 year olds) occurred in responses.

10.2.5 Policies and practices guarding against discrimination

Policies and practices and attitudes were less likely to be age discriminatory when the organisation had an equal opportunities policy, particularly one in which age was explicit. One third of establishments did not have an equal opportunities policy and 10 per cent had one which did not explicitly mention age (Table 10.4). Whilst it cannot be assumed that getting employers to introduce age-explicit equal opportunities policy would reduce age discrimination, (as equal opportunities policies need to be backed up by detailed policies and practices, see Hoque and Noon 2004), it would be a first step. The EE(A)R appears to have already stimulated some employers to introduce equal opportunities policies explicitly addressing age and to have increased equal opportunities training in relation to age, although there may have been a fall in the percentage of establishments monitoring by age.

Table 10.4 Policies guarding against age discrimination

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Establishment has an Equal Opportunities policy	77	90	72	86
Equal Opportunities policy explicitly addresses age	67	84	56	67
Equal Opportunities policy does not explicitly address age	10	6	16	19
Staff receive training in Equal Opportunities	53	68	50	67
...all	38	43	31	40
...some	15	25	19	27
...none	44	29	45	30
Equal opportunity training covers age	22	34	19	24
Monitor data on the age profile of the workforce to identify potential discrimination	22	46	32	48
Has formal performance appraisal	79	89	68	83
all staff	72	82	56	70
some staff	7	7	12	13
<i>Base</i>	2205	2205	2087	2087

Multiple response

Another practice which can help guard against age discrimination is formal performance appraisal. Formal performance appraisal will become more important if the DRA is abolished. Twenty-one per cent of establishments did not have any formal performance appraisal, whilst 28 per cent did not have it for all staff. Moreover, not all those using merit or performance pay had formal performance appraisal (Section 10.2.3).

10.3 Compulsory retirement and the Default Retirement Age (DRA)

An important aim of the study was to provide evidence for the review of the Default retirement Age. This involved examining employers' retirement policies and practices, including their use of the DRA procedures, and the effect of retirement on other policies and practices.

10.3.1 Employers' retirement policies and practices

The approach to retirement is often relatively informal:

- fewer than half (40 per cent) of establishments (employing 61 per cent of the workforce) had a formal retirement policy;
- around half of establishments did not have a normal retirement age for some staff; and

- compulsory retirement existed in one third of establishments (employing 45 per cent of the workforce), with the compulsory retirement age almost always at 65.

Formal retirement policies, a normal retirement age and compulsory retirement were more common in larger organisations and in the public sector. Formal policies and a normal retirement age was also common in the voluntary sector.

Against this background, it is not surprising that, even amongst employers which had employed anyone in the relevant age group since the EE(A)R came into force (35 per cent of establishments), the use of the DRA procedures was not widespread:

- 37 per cent of these had used the DRA procedure to retire (or dismiss) an employee (13 per cent of all establishments, employing 36 per cent of the workforce); and
- 58 per cent of these had received a right to request to work beyond retirement age (24 per cent of all establishments, employing 51 per cent of the workforce).

Eighty-three per cent of those receiving requests had granted all requests and 13 per cent had granted some only. Very few had not granted any requests.

Experience of the DRA procedures amongst those employing people aged 64.5 and older was highest in the public sector and lowest in small organisations. Not surprisingly, it was higher in organisations with compulsory retirement.

The data on DRA experience are difficult to interpret, as various factors may affect the use or lack of use. For example, lack of use of the DRA procedure to retire may be because employers are happy that employees do not retire or because employees retire either willingly or on the assumption that they must. Similarly, lack of requests from relevant employees may be due to the employer not seeking their retirement, employees wishing to retire, assumptions that requests will be rejected or lack of knowledge of the right to request. The high percentage of requests granted may be because employers are willing to grant requests or because those that are not are less likely to be asked. These issues could not be explored in the survey.

10.3.2 Potential effects of changing or abolishing the DRA

The DRA provides the option for employers to retire employees against their wishes and sets an age at which employers may lawfully not consider people for recruitment, training and promotion. For employers, these affect their ability to control and adjust their workforce. For older people, these directly affect their employment. However, it may also indirectly affect older workers (sometimes, possibly, unlawfully) through changing employers' treatment of them at a younger age.

As described in Section 10.2, for those approaching retirement age, the DRA and retirement more generally affects recruitment (through a maximum recruitment age and through time to retirement being a selection criteria) and training (through time to retirement being a selection criteria) and may also affect pay (through likelihood of leaving affecting pay). It seems likely to affect promotion also, although this was not explored in the survey. Whilst, a normal

retirement age will affect employers' expectations about the payback period of recruits, training and promotees, a normal retirement age (when there is no compulsion) is flexible and so may less rigidly affect employers' behaviour. The DRA makes this age absolute and so is likely to reinforce the lack of opportunities to those approaching retirement. Thus, for employees, the effect of removing the DRA, as well as providing greater choice over retirement, would be likely to improve employment, promotion and training opportunities, both close to 65 and at a somewhat younger age.

The main effect on employers of a change to the DRA would be through removal of the ability to retire employees against their wishes (or raising the age at which this can be done). As we have seen, the majority of establishments operate without compulsory retirement³⁷ and so the impact of abolishing (or raising) the DRA would be felt by the minority which compulsorily retire. The impact on this group depends on the business impact of the loss of this option. In Section 8.4.5, we estimated the number of establishments for whom the business impact was likely to be important, based on their usage of compulsory retirement, their rationale for its use and the importance attached to being able to compulsorily retire. This suggested that the DRA, through enabling compulsory retirement, was of business importance to a maximum of 20 per cent of establishments (employing 24 per cent of the workforce) (and probably fewer). Thus, abolition of the DRA may have an important effect, in terms of affecting business in some way, on up to 20 per cent of establishments. (Raising the DRA would affect fewer). This neither means that these 20 per cent would be seriously affected, nor that 80 per cent of employers would be completely unaffected. In particular, employers may need (or feel the need) to introduce performance management policies and make other changes to adapt to an ageing workforce, but, for 80 per cent of employers, removing the ability to retire compulsorily does not appear to remove a valued and, in business terms, useful practice.

10.4 Changes in policies, practices and attitudes to age since 2006

The study aimed to identify how policies, practices and attitudes had changed since the introduction of the EE(A)R in October 2006. It did this in two ways. The incidence of policies, practices and attitudes in SEPPP1 and SEPPP2 were compared. This identifies both the direction, as well as the extent of change. However, changes cannot be attributed, with much confidence, to the EE(A)R, as the changes may have occurred for other reasons. Therefore, the study also asked respondents whether changes had been made in their own establishment in response to the EE(A)R. This is also an imperfect measure of the effect of the EE(A)R because respondents may erroneously attribute (or fail to attribute) changes to the EE(A)R. Nevertheless, the two approaches together provide some insight into the effects of the EE(A)R.

In 2006, one third (31 per cent) of establishments reported that they had already made some changes to their policies or practices in anticipation of the draft Employment Equality (Age) Regulations 2006. In 2010, the same percentage

³⁷ Note that those that compulsorily retire includes those which may have no policy of compulsory retirement but rely on the DRA to do so.

(32 per cent of establishments, employing 55 per cent of the workforce) reported having made changes due to the legislation. This reported change in policies and practices did not result in a change in attitudes, as measured by respondents' perceptions of whether some jobs were more suited to some ages (with 23 per cent still believing that some jobs in their establishment were more suitable for certain ages than others).

The following summarises the policy and practice changes.

10.4.1 Changes in recruitment, training and promotion since 2006

Although there has been decline in the use of age and age-related criteria in recruitment, these changes have been small and disability and health as selection criteria has grown substantially (Table 10.1 and Table 10.3). This is despite a substantial fall in the provision of age information to recruiters. The contrast between the declining use of age data in recruitment, but little change in age and age-related selection criteria may point to the ineffectiveness of changes in formal processes alone in changing behaviour or, perhaps, the ineffectiveness in this specific instance, where age can be assessed in other ways.

The use of time until retirement as a criterion for selection for training fell slightly between 2006 and 2009 from eight per cent to five per cent of establishments. The percentages using discriminatory practices in training and promotion in SEPPP1 and SEPPP2 were too small for analysis of change.

10.4.2 Changes in terms and conditions since 2006

The use of incremental pay scales and length of service increments have fallen substantially (Table 10.2). However, the decline has been in increments which continued for less than five years. There has been little change in other pay criteria since 2006, except for a substantial decline in the use of likelihood of leaving as criterion for pay increases (Table 10.2). Little change was identified in the use of age or other age-related criteria in setting starting salaries. The use of merit and performance pay without formal appraisal has declined, suggesting that the process may have become more objective and, hopefully, the scope for discrimination has reduced. (Table 10.3). Whilst some of these changes should reduce age discrimination, it is not possible to determine whether they stem from the EE(A)R.

There had been little change in the percentage of establishments contributing to employee pension schemes since 2006 (Table 5.7). Comparison of occupational and final salary schemes was not possible due to differences in data collected between the two surveys.

The costs of enhanced sick pay have been cited as a reason to not employ older people and a potential cost to employers if the DRA was raised or removed. Therefore, provision of sick pay above statutory requirements might have declined in response to the EE(A)R itself or in anticipation of changes to the DRA. There appears to have been a slight shift in provision since 2006. Fewer provided sick pay above statutory minimum to all staff and more provided it for some staff (Table 5.11). Whether this results in fewer eligible staff depends on the per cent eligible when it is not provided for all staff. In addition, a very small percentage of establishments reported dropping enhanced sick pay or

changing eligibility rules due to the EE(A)R (Table 5.12). There has been a small decline in the use of age maxima for additional sick pay which might be due to the EE(A)R (Table 10.1). However, there has been a fall in the proportion of establishments with a maximum age for additional sick pay.

Changes to other benefits could not be assessed either because of differences between the two surveys or because of the very low incidence of the practice in both years.

10.4.3 Changes in retirement policy since 2006

The way in which retirement and the issues explored differed substantially between SEPPP1 and SEPPP2. Therefore, comparisons between the two surveys are limited, but do suggest that slightly fewer establishments now have a compulsory retirement age and that the age of compulsion has risen slightly. However, this may be due to differences in methods between the two surveys.

Employers reported making changes in retirement policies due to the EE(A)R. Twelve per cent of establishments (employing 28 per cent of the workforce) had changed their retirement policy, including increasing flexibility, allowing employees to work beyond the retirement age, introducing or getting rid of a formal retirement policy, changing the retirement age (normal or compulsory), clarifying the policy and documentation and changing retirement procedures, with each type of change made by a very small percentage of employers. A small percentage of establishments (employing eleven per cent of the workforce) reported changing compulsory retirement due to the EE(A)R (including introducing it, abolishing it and changing the age). Changes to retirement policy due to the EE(A)R had been more common in larger organisations, the public sector and the voluntary sector) and in Public administration and defence, Education and Health and social work, but differed little across other industries.

10.4.4 Redundancy policy and practice changes since 2006³⁸

A number of changes have taken place in respect of redundancies since 2006 which should lessen age discrimination: age has declined and length of service declined substantially as compulsory redundancy selection criteria (Table 10.1 and Table 10.2), whilst the use of age as a criterion for enhancing compulsory redundancy payments has fallen (Table 10.1). At the same time, the use of sickness/absence records as a compulsory redundancy selection criterion was unchanged (Table 10.3). This criterion may result in age (as well as disability) discrimination and is widely used.

Finally, the enhancement of voluntary redundancy payments has fallen since 2006 (Table 7.6 and Table 7.7). Whilst not an issue for age discrimination, it may alter the balance of the age groups willing to take voluntary redundancy and their wealth.

³⁸ Figures are for the percentage of those with recent redundancies or with redundancy criteria.

10.4.5 Changes in policies and practices which guard against discrimination since 2006

There has been a growth in policies and practices which should guard against age discrimination (Table 10.4).

- There has been a growth in the percentage of establishments with equal opportunity policies addressing age. This brings age up to a par with other long-established equality strands (gender, ethnicity and disability or health), which suggests the change was in response to the EE(A)R;
- There may have been an increase in the percentage of employees receiving equal opportunities training, due to more establishments providing training for all rather than some employees. It appears as though this may have been in response to the EE(A)R;
- The use of performance appraisal has grown. Again, the EE(A)R may have stimulated some change (Table 6.2).

Less encouragingly, the percentage of establishments monitoring the age profile of their workforce has fallen from 32 per cent to 22 per cent. However, this has not affected the percentage of the workforce in establishments which monitor (around 47 per cent).

10.5 Reducing age discrimination

Throughout the study, we identified how age-related policies, practices and attitudes varied with establishment characteristics, occupation and, in the case of attitudes and knowledge of the EEA, respondent characteristics. Often, differences were small. Here we summarise the larger differences to indicate which types of organisations most need to examine their policies and practices to ensure they comply with the Employment Equality (Age) Regulations 2006. We then discuss this in the light of the findings on awareness of the EE(A)R. The types of policies and practices which most need to be changed have been summarised in Section 10.2.

10.5.1 Occupations

Some occupations were identified as affected by age and age-related policies and practices more than others:

- Professionals: on recruitment to have their pay set on the basis of previous salary; incremental pay scales, including basing increments on merit and on length of service; merit pay; length of service as a pay criterion (irrespective of incremental scales);
- Associate professional and technical staff: incremental pay scales, including basing increments on merit; merit pay; length of service as a pay criterion (irrespective of incremental scales);
- Managers and senior officials: on recruitment to have their pay set on the basis of previous salary;

- Skilled trades staff: age and expected length of service affected selection; age (other than young people's rates) affected pay; and young people's rates;
- Caring, leisure and personal service staff: age affected selection;
- Sales and customer service staff : young people's rates;
- Process, plant and machine operatives and drivers: maximum recruitment age; and age affected selection;
- Administrative and secretarial and routine unskilled did not seem more disadvantaged in any of the policies and practices examined.

Not all of the above were necessarily discriminatory, nor were all unlawful. In particular, the pay practices for Professionals, Associate professional and technical staff and Managers and senior officials need not be discriminatory, so long as setting pay in relation to previous salary at recruitment did not embed previous discrimination, merit pay was fairly judged and length of service also reflected actual performance (or, to be lawful, was under five years or otherwise where it reasonably appears to the employer to satisfy a business need).

Some of the practices affecting other occupations seemed in greater danger of being discriminatory: age and expected service affecting selection; maximum recruitment age; and age (other than young people's rates) affecting pay.

Thus it may be that the greatest focus needs to be on recruitment for Skilled trades staff, Caring, leisure and personal service staff and Process, plant and machine operatives and drivers and on pay for Skilled trades staff, Professionals, Associate professional and technical staff and Managers and senior officials. This is a rather different pattern from SEPPP1 which found Professionals and Associate professional and technical staff more often at risk from age and age-related policies and practices.

10.5.2 Establishments

The incidence of many of the age-related policies and practices described above is similar throughout establishments in Britain. However, some were concentrated in certain types of establishments.

A number of policies and practices varied with organisational size. In some cases this placed larger organisations at more at risk of infringing the EE(A)R and in other cases, smaller organisations:

- the formality of retirement increased with organisational size (having a formal policy, having a normal retirement age and compulsory retirement);
- annual leave increasing with length of service for longer than five years grew with organisational size

Smaller organisations were less likely to have policies and practices guarding against age discrimination, thus placing them at greater risk of infringement. They were less likely to have Equal Opportunities policies (including policies covering age, equal opportunities training related to age and monitoring by age). They were also less likely to use appraisals to assess performance.

These differences were not reflected in the attitudinal data, which showed a lower degree of age stereotyping in establishments in organisations with between 250 and 999 employees.

Sectoral differences followed a similar pattern to that for organisational size, with, in this case, the public and voluntary sectors more likely to have formalised retirement (having a formal policy, having a normal retirement age and compulsory retirement) and the public sector more often having annual leave which increased with length of service for longer than five years. Private sector organisations were less likely to have Equal Opportunities policies, equal opportunities policies covering age, training related to age and monitoring by age. They were also less likely to use appraisals to assess performance. The attitudinal data suggested greater stereotyping in the private sector, suggesting that it might be useful to increase age awareness, particularly given the relative lack of policies and practices safeguarding against discrimination.

The sectoral differences were mirrored in the industry differences. The greatest differences were:

- lack of a formal retirement policy: Manufacturing, Hotels and restaurants, Transport, storage and communication and Real estate, renting and business activities, and, particularly, in Construction;
- lack of a normal retirement age: Hotels and restaurants and Construction;
- compulsory retirement: Education, Public administration and defence, Health and social work and also Financial intermediation and Manufacturing.

Age stereotyping was more common in Construction, Wholesale and retail and Hotels and restaurants. Together with Manufacturing, Transport, storage and communication and other community, social and personal service activities these were the industries least likely to have policies and practices guarding against age discrimination (equal opportunities policies and practices and formal performance appraisals).

10.5.3 Improving awareness

The types of organisations which need most change in their policies and practices described in the previous section are, largely, the same as those which felt least understanding of the EE(A)R (Section 2.2). This suggests that those which need most targeting to improve are:

- small organisations;
- the private sector;
- Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport, storage and communication; and
- small owner-managed organisations.

In addition, the use of annual leave based on length of service beyond five years might need examination and this is an issue more often for the public sector and for larger organisations.

In targeting these organisations, it should be remembered that the types of establishments which tended to know least did not feel the greatest need to know more (Section 2.2). This may be because the respondents in these organisations did not, indeed, need to know more (and rather their colleagues were the experts). It seems more likely that it was not seen as that important to understand the legislation. Any measures to increase knowledge would need to take this into account.

Abolishing or changing the DRA will more often affect larger organisations and the public sector. Both tend to be more sophisticated in the human resource policies and practices and such organisations may largely be able to make the necessary adjustments without additional government help. Those needing more help are more likely to be the same as those needing to understand the EE(A)R better.

Development of greater expertise might also take into account that Human resource directors and managers felt best informed and that those who felt best informed gained their knowledge from the CIPD and human resource journals and from legal advisers, rather than from Government sources. This may indicate a need to improve human resource expertise generally, rather than anything about the quality of government information.

10.6 Summary

10.6.1 Age and age-related policies and practices

Age (including time to retirement), length of service and other age-related factors (expected length of service, disability and health and sickness and absence records) continue to affect human resource policies and practices. These are more common in recruitment, compulsory redundancy, leave entitlement and the ability to accrue pensions above a certain age. Pay is affected (probably mainly lawfully) through the use of young people's rates and a substantial use of criteria and systems which may allow or embed age discrimination. Those most likely to suffer discrimination in employment were young people and older people. At the same time, many establishments could improve in the policies and practices which guard against age discrimination (i.e. equal opportunities policies and practices and formal performance appraisal).

The evidence points to little change in most age-related policies and practices since the EE(A)R. The main exceptions were in redundancy, with an apparent decline in age-related criteria for selection and pay enhancements and a slight decline in the use of compulsory retirement. In addition, there seems to have been a reduction in the use of performance pay without formal performance appraisal, thus reducing the scope for age discrimination. There has been a growth in the incidence of policies and practices which guard against age discrimination, in particular, the incidence of equal opportunities policies which explicitly cover age is now similar to that for other long-established equality strands and the use of formal performance appraisal has grown. Less encouragingly, the percentage of establishments monitoring the age profile of their workforce has fallen from 32 per cent to 22 per cent. However, this has not

affected the percentage of the workforce in establishments which monitor (around 47 per cent).

These changes do not appear to have affected the extent to which employers age stereotype jobs.

10.6.2 Compulsory retirement and the DRA

Compulsory retirement was used by a minority of establishments (32 per cent of establishments employing 45 per cent of the workforce). Nearly all compulsory retirement was at age 65 (25 per cent of establishments, covering 34 per cent of the workforce). Only half of those with compulsory retirement could give a reason (other than that it was historical) for having compulsory retirement. However, 39 per cent of establishments (employing 47 per cent of the workforce) saw being able to compulsorily retire as important. The use of compulsory retirement and seeing it as important was more common in larger organisations and in the public sector.

Compulsory retirement affects older employees not just because they may be retired against their wishes, but also because it may affect employers' expectations about employees prior to retirement. The survey showed effects on recruitment (e.g. maximum recruitment ages and selection affected by time to retirement) and training (selection affected by time to retirement), with some employers unwilling to hire, train or promote employees as they near retirement. Whilst a normal retirement age can provide business rationales for this behaviour, compulsory retirement makes this age absolute and so is likely to reinforce to a greater extent the lack of opportunities to those approaching retirement.

The pattern of usage of compulsory retirement, the importance attached to being able to compulsorily retire and the reasons for having compulsory retirement suggests abolishing the DRA would make much difference (i.e. it would remove a practice that the employer uses, values and affects their business) to a maximum of 20 per cent of establishments (covering 24 per cent of the workforce). It should be stressed that this is an estimated maximum and, for the reasons given, the actual percentage is likely to be lower. Raising the DRA would affect fewer. This does not mean that other employers would not be affected at all, in that they may need (or feel the need) to introduce performance management policies and make other changes to adapt to an ageing workforce.

10.6.3 Reducing age discrimination

In respect of the EE(A)R, the organisations which may need targeting to improve (i.e. those with more age-related policies and practices and with least awareness of the EE(A)R) are:

- small organisations;
- the private sector;
- Manufacturing, Construction, Hotels and restaurants, Wholesale and retail trade and Transport, storage and communication; and
- small owner-managed organisations.

In addition, the use of annual leave based on length of service beyond five years might need examination and this is an issue more often an issue for the public sector and for larger organisations.

Changing the DRA will more often affect larger organisations and the public sector. Given their greater human resource sophistication, it may not be necessary to target these to help them change their policies and practices. Those needing more help are more likely to be the same as those needing to understand the EE(A)R better.

APPENDIX A: TECHNICAL REPORT

Introduction

In 2009 TNS-BMRB was commissioned by DWP and BIS to conduct the second survey of employers' policies, practices and preferences relating to age (SEPPP2). The main aims of the survey were to assess changes since the first survey, assess the impact of the Employment Equality (Age) Regulations and provide evidence for the review of the Default Retirement Age.

The technical report provides details of the survey approach including:

- Sampling
- Questionnaire
- Fieldwork procedures
- Response rates
- Analysis
- Weighting

Sampling

Sample frame

The sample was selected to be representative of all workplaces in Great Britain with 5 or more employees. The Inter-Departmental Business Register (IDBR) was used as the sampling frame.

Sample selection

To ensure that a representative sample was achieved the sample was stratified by size and industry sector and a specified number was drawn from each strata.

The sample received from IDBR was larger than actually needed because IDBR does not have telephone numbers for all employers. It was therefore necessary for the sample received from IDBR to be sent for telephone matching. Of 14,848 records initially received from IDBR telephone numbers were found for 10,931.

During the initial sample build stage it became apparent that certain sectors J, L, M, N and O were excluded from the original extract. It was therefore necessary for a second tranche of sample to be requested from IDBR. A further 3,409 records were received and sent for telephone matching which resulted in 1,533 additional records being available for the sample build stage.

Table 1 Target profile

Number of employees	Total
5-9	570
10-24	380
25-49	250
50-99	250
100-199	250
200-499	250
500+*	250
Total	2200

Stratification by Industry

The above profile could be expected to provide a minimum of 100 interviews in each of the 12 industry sectors, with the exceptions of sectors E and J (where around 10 and 90 interviews would be achieved respectively). The numbers in these sectors would therefore need to be boosted, so targets were adjusted to 80 interviews in E and 100 in J. The numbers in other sectors were reduced proportionately.

Questionnaire development

The questionnaire (see Appendix F) was designed by NIESR, in consultation with TNS-BMRB, DWP and BIS. The average interview length was 21 minutes. The agreed questionnaire was programmed for use as a CATI (Computer Assisted Telephone Interviewing) questionnaire, using Quantum software. The programming was carried out by TNS-BMRB.

Cognitive pilot

The questionnaire was piloted prior to main fieldwork. Prior to the main pilot, a cognitive pilot was also undertaken. In this cognitive pilot, the research team at BMRB and NIESR conducted face to face interviews that did not include the entire questionnaire, but focused on particular questions of interest. The aim of this cognitive pilot was for the researchers to assess whether questions were being answered in the way they were intended, and how well respondents understood the questions. This cognitive pilot involved ten interviews with a selection of different types of firm, and was used in further developing the questionnaire.

Fieldwork

All fieldwork was carried out by TNS-BMRB's telephone interviewers.

Pilot

A pilot was conducted to test both the questionnaire and the contact procedure. This was conducted by telephone interviewers using a CATI questionnaire. The pilot replicated the process undertaken in the main stage, with a screening stage preceding the interview. The screening stage took place in September 2009 and 19 interviews were completed.

Main Screening

The person interviewed at each workplace was the most senior person with responsibility for human resources or personnel issues. In order to identify this person, screening calls were made to each workplace. During these screening calls, telephone interviewers asked for the name and telephone number of "the most senior person at this workplace with responsibility for human resources or personnel issues". This person did not need to be based at the workplace concerned, provided that they could answer questions about the workplace. The information gathered from these screening calls was then used to create the sample for the main interviews.

Advance letters

Advance letters were sent out to respondents identified at the screening stage. The letters gave some background information about the survey as well as reassuring them about confidentiality. The letter also contained TNS-BMRB contact information should the respondent have any further queries.

Briefings

All telephone interviewers and supervisors working on the survey were personally briefed by the TNS-BMRB research team. Written instructions were also provided which covered the background to the survey, contact procedures, ways of maximising response rate and the questionnaire.

Fieldwork timing

Fieldwork was conducted between July 2009 and January 2010.

Response rates

Response rate

From 5501 workplaces selected to be interviewed a total of 2205 interviews were achieved which corresponds to a response rate of 46%. However, some of these workplaces were never contacted at all. It could be argued that the 327 workplaces that are listed as 'No answer after 10+ calls/answering machine' should be considered as out of scope. The reason for non-contact could be that the business has closed, moved or the telephone number was incorrect. If these workplaces are counted as out of scope, the response rate is 49%.

Table 2: Outcomes for main survey

	Number	%
Total Issued sample	5501	
Out of scope		
Number incorrect/unobtainable	127	2%
Fax/computer line	15	0.3%
Duplicate record	34	1%
Ineligible company	493	9%
Total out of scope	669	12%
Total Eligible sample	4832	100%
Unproductive outcomes		
Abandoned/incomplete interviews	9	0.2%
Refused	1167	24%
Away during fieldwork period	215	4%
General call back	647	13%
Sample not called	217	4%
No answer after 10+ calls/answering machine	337	7%
Total unproductive	2592	54%
Total complete interviews	2205	46%

The response rate was fairly consistent by workplace size, the lowest being 42% (amongst workplaces with less than 10 employees and workplaces with 500+ employees) and the highest being 52% (amongst workplaces with between 25 and 49 employees).

Table 3: Response rates by workplace size

Workplace size	Number of interviews	Response rate (%)
5 to 9	492	42%
10 to 24	408	47%
25 to 49	285	52%
50 to 99	261	46%
100 to 199	251	45%
200 to 499	266	46%
500+	242	42%

There were some noticeable differences in response rate by industry sector (as shown in table 4) with the lowest being 38% (the Wholesale & retail trade; repair of motor vehicles and motorcycles sector) and the highest being 54% (the Education sector).

Table 4: Response rate by industry sector

SIC 2007	2007 Title	Number of interviews	Response rate (%)
C	Manufacturing	158	41%
F	Construction	133	42%
	Wholesale & retail trade; repair of motor vehicles and motorcycles	430	38%
G	Transportation and storage	101	42%
H	Accommodation and food service activities	188	48%
I	Financial and Insurance Activities	77	41%
K	Education	200	54%
P	Human health and social work activities	254	52%
Q	Arts, Entertainment and recreation & Other service activities	141	46%
RS	REST from D,E,J,L,M,N & O	523	51%

Analysis

Coding

Open ended questions were coded by BMRB's coding department. This comprised:

- Coding of industry using Standard Industrial Classification (SIC)
- Coding of responses to open ended questions using code frames designed by BMRB and agreed with DWP and BIS.

Outputs

A full dataset (in SPSS format) was produced by TNS-BMRB.

Weighting

The interviewed sample was to be representative of the population of workplaces (with five or more employees) in Great Britain as a whole, and so was weighted to match the IDBR in terms of workplace size, industry sector and country. Weights reflected the probability of selection and variation in response.

Rim weighting

There were 10 different industry sectors and 7 different workplace size classifications to be included in the weighting. Rim weighting was therefore used. This involved applying separate weights for workplace size and industry sector.

Appendix B: sample design

Overall sample profile

The target profile of achieved interviews was as follows:

	TOTAL
5-9	570
10-24	380
25-49	250
50-99	250
100-199	250
200-499	250
*500+	250
TOTAL	2200

For the actual profile of achieved interviews, please see appendix C.

* In the sample specification to IDBR, within the 500+ band, individual targets were given for the following size bands: 500-999, 1000-1999 and 2000+. The purpose of this was merely to control the number of cases selected in these specific bands, rather than to sample them disproportionately.

This profile provides robust sub-group samples for the different size bands. This design also minimises the impact of the stratification on the design effect and effective sample size. The overall effective sample size is reduced from 2,200 to 1,223 (for workplace-based estimates) and 1,649 (for employee-based estimates), a relatively efficient design for workplace surveys. Please see appendix C for achieved effective sample sizes.

In putting forward this design, it was recognised that:

- the number of interviews achieved in various cells will never correspond precisely to the targets, because of variation in response rates
- the data on number of employees obtained from the survey will not always match the IDBR data, not least because workplaces grow over time. In particular, the number of workplaces with 5-9 employees tends to be smaller according to the interview data. Previous experience suggested that the number of interviews in the 5-9 band could fall to 380, but this would still be sufficient for analysis purposes.

Appendix C: Achieved sample profile

The profile of achieved interviews was as follows:

	TOTAL
5-9	492
10-24	408
25-49	285
50-99	261
100-199	251
200-499	266
*500+	242
TOTAL	2205

Note: These size bands are taken from the IDBR classifications for each workplace for the sake of comparability with the table in Appendix B. The numbers are slightly different when looking at the workplace size as taken from questionnaire data.

The effective sample size for the total achieved sample was 1,223 for workplace based estimates, and 1,649 for employee based estimates.

Appendix D: Specification for sample selection from the IDBR

We request that ONS/BIS draw a sample of roughly 15,711 local units (meaning sites or workplaces, i.e. retail outlets, factories) from the IDBR.

Coverage: The sample should be selected from the population of local units with 5 or more employees, classified within SIC (2007) Sections C to S and located within England, Scotland or Wales. The sample should include units from both the private and public sectors.

Sample design: A stratified variable probability sample, with units being randomly selected from within each cell of a 70-cell sampling matrix. The sampling matrix is provided in the Annex to this specification. The matrix is formed from the cross tabulation of two stratifying variables:

- I. Number of employees at the local unit – 7 categories as follows:
 1. 5-9 employees
 2. 10-24 employees
 3. 25-49 employees
 4. 50-99 employees
 5. 100-199 employees
 6. 200-499 employees
 7. 500+

- II. Industry classification of the local unit – 10 categories corresponding to SIC(2007) Sections C to S inclusive.

The sampling matrix provided at the end of this specification identifies the number of local units to be selected in each of the cells.

Stratification/Ordering of the sample: Within each of the 70 cells, please order the sample by

- a) SIC
- b) Government Office Region, then by
- c) Legal Status and then finally by
- d) Number of employees at the local unit (in ascending order)

Population counts: Please provide population counts for each cell of the sampling matrix at the time the sample is selected.

Information required for each unit: Please supply the following information on each sampled local unit:

- Local unit IDBR reference number
 - Local unit name
 - Local unit address
 - Local unit postcode
 - Local unit grid reference (or other equivalent geographical identifier)
 - Local unit NUTS classification, to as lower level of disaggregation as is available
 - Local unit telephone number (if available)
-
- Reporting unit IDBR reference number
 - Reporting unit name
 - Reporting unit address
 - Reporting unit postcode
 - Reporting unit telephone number (if available)
 - Reporting unit contact name
-
- Enterprise unit IDBR reference number
 - Enterprise unit name
 - Enterprise unit address
 - Enterprise unit postcode
 - Enterprise unit telephone number (if available)
-
- Number of employees at the local unit (total only)
 - Number of employees in the reporting unit (total only)
 - Number of employees in the enterprise unit (total only)
-
- SIC(2007) classification of the local unit
 - SIC(2007) classification of the reporting unit
 - SIC(2007) classification of the enterprise unit
-
- SIC(2003) classification of the local unit
 - SIC(2003) classification of the reporting unit
 - SIC(2003) classification of the enterprise unit
-
- Government office region of the local unit
 - Government office region of the reporting unit
 - Trading style
 - Legal status (of the enterprise)
 - Country of ownership (of the enterprise)

- Number of local units that comprise the reporting unit
- Stratum identifier (ideally coded as D1, D2 etc, where the letter is the SIC Section and the number is the employment band, but alternatively a number representing a cell in the sampling matrix)

Sampling matrix for SEPPP2:

Number of local units to be selected from the IDBR:

TARGETS to SAMPLE from IDBR		Size band						
SIC		5 to 9	10 to 24	25 to 49	50 to 99	100 to 199	200 to 499	500+
2007	2007 Title							
C	Manufacturing	300	200	132	132	132	132	132
F	Construction	267	178	117	117	117	117	95
G	Wholesale & retail trade; repair of motor vehicles and motorcycles	882	588	387	387	387	387	387
H	Transportation and storage	222	148	97	97	97	97	97
I	Accommodation and food service activities	412	275	181	181	181	181	55
K	Financial and Insurance Activities	222	148	97	97	97	97	97
P	Education	221	147	97	97	97	97	97
Q	Human health and social work activities	413	275	181	181	181	181	181
RS	Arts, Entertainment and recreation & Other service activities	259	173	114	114	114	114	80
Others	REST from D,E,J,L,M,N & O	873	582	383	383	383	383	561

Appendix E: The questionnaire

SEPPP2 QUESTIONNAIRE (FINAL)

15 September 2009

AGEQP

Good morning/afternoon, my name is and I am calling from BMRB Social Research. Recently you should have received a letter from the Department for Work and Pensions and the Department for Business, Innovation and Skills saying you would receive a phone call from us on their behalf.

Would now be a good time to answer some questions? The interview will take around 20 minutes so I can call back at a more convenient time if you'd prefer.

ADD IF NECESSARY:

The Department for Work and Pensions and the Department for Business, Innovation and Skills are interested in finding out about employment practices in different organisations.

Anything that you tell us will be treated in the strictest confidence. Information you give me will not be passed on to anyone, including the Department for Work and Pensions and the Department for Business, Innovation and Skills, in such a way that you or your organisation will be identified.

ASK ALL

Qnoemp

I would now like to ask you some general questions about this establishment

Currently, how many employees do you have on the payroll at this establishment?

IF RESPONDENT DOESN'T KNOW, ASK FOR AN APPROXIMATE ANSWER

IF FEWER THAN 5 – THANK AND CLOSE

NUMERICAL (5-99999)

Don't know

ASK ALL

Qnfulch

Has the number of full-time equivalent employees changed more than about five per cent in the last three years?

1. *Yes – increased*
2. *Yes – decreased*
3. *No*

4. *Don't know*

IF Qnfulch = 'Yes – increased'

Qfulinc

Why has the number of full time equivalent employees increased?

1. *higher demand*
 2. *increased efficiency/improved productivity*
 3. *expanded product/service range*
 4. *acquisition*
 5. *Other [specify]*
-

IF Qnfulch = 'Yes – decreased'

Qfuldec

Why has the number of full time equivalent employees decreased?

1. *falling demand/recession/increased competition*
 2. *decreased efficiency/productivity*
 3. *reduced product/service range*
 4. *sold part of the business*
 5. *Other [specify]*
-

ASK ALL

Qfulfiv

Do you expect the number of full-time equivalent employees to change more than about five percent over the next two years?

1. *Yes – increase*
 2. *Yes – decrease*
 3. *No*
 4. *Don't know*
-

IF Qfulfiv = 'Yes – increase'

Qfutinc

Why do you expect the number of full time equivalent employees to increase

1. *higher demand*
2. *increased efficiency/improved productivity*
3. *expanded product/service range*
4. *acquisition*
5. *Other [specify]*

ASK IF Qfulfiv = 'Yes – decrease'

Qfutdec

Why do you expect the number of full time equivalent employees to decrease

1. *falling demand/recession/increased competition*
 2. *decreased efficiency/productivity*
 3. *reduced product/service range*
 4. *selling part of the business*
 5. *Other [specify]*
-

ASK ALL

Qempage

Do you employ anyone over the age of 65?

1. *yes*
 2. *no*
 3. *dk*
-

ASK ALL

Qempwom

Do you employ any women who are aged between 60 and 65?

1. *yes*
 2. *no*
 3. *dk*
-

ASK ALL

Qage

I'd like to get a rough idea of the age of employees. Could you tell me approximately the percentage of employees who are...

- aged under 25?
- aged over 50?

Is it...

IF RELUCTANT TO SAY, ENCOURAGE TO CHOOSE: SAY WE ONLY NEED TO KNOW ROUGHLY

1. *None*
2. *Under 5%/ 1 in 20*

3. 5 to 10%/ 1in 10
4. 11% to 25%/ 1in 4
5. 25%-75%
6. Over 75%?
7. Don't know
8. Other – Can give number
9. Other [specify]

IF 8. Other – Can give number at QAGE

QAGE2

Currently, how many employees are:

- aged under 25?
- aged over 50?

NUMERICAL (5-99999)
Don't know

ASK ALL
QMJOB

What type of employee accounts for the largest number of employees on the payroll at this establishment?.

What is their (main) job?

THIS ANSWER IS USED LATER IN THE QUESTIONNAIRE AS A PROMPT TO DESCRIBE THE LARGEST OCCUPATIONAL GROUP.

ASK ALL
Qwhatdo

What do they mainly do in their job?

CHECK SPECIAL QUALIFICATIONS/TRAINING NEEDED TO DO THE JOB

Don't Know

ASK ALL
Qemptyp

Thinking about [**VERBATIM ANSWER FROM DUMEMP**], would you say these would be best described as....

PROMPT TO PRECODES – CODE OTHER IF UNCLEAR AND TYPE FULL DETAILS

1. *Managers and senior officials*
2. *Professionals*

3. *Associate professional and technical staff*
4. *Administrative and secretarial staff*
5. *Skilled trades staff*
6. *Caring, leisure and personal service staff*

7. *Sales and customer service staff*
8. *Process, plant and machine operatives and drivers*
9. *Routine unskilled staff*
10. *CANNOT CODE*

SPEC NOTE: 1 in 10 respondents will automatically be asked about MANAGERS AND SENIOR OFFICIALS

TEXT SUBSTITUTION AT LATER QUESTIONS WILL BE BASED ON FOLLOWING DUMMY VARIABLE WHERE 10% AT RANDOM WILL BE CODED 2 – EVERYONE ELSE WILL BE CODED 1

Dumemp

1. *Text answer from QMJOB*
2. *Managers and senior officials*

ASK ALL

Qdo

What is the main activity of this establishment?

IF NECESSARY, PROBE FOR CLARIFICATION

ASK ALL

Qsector

Is this establishment in..?

IF NECESSARY PROMPT: The public sector includes local authorities, councils, government departments, civil service, state schools, the NHS etc. The private sector includes partnerships, PLCs (private limited companies). The voluntary sector includes charities and not for profit organisations.

READ OUT

1. *the private sector*
2. *the public sector*
3. *or the voluntary sector*
4. *Don't Know*

ASK ALL

Qunion

Is any union recognised by management for negotiating pay and conditions for any sections of the workforce in this establishment?

INTERVIEWER NOTE - if agreements are negotiated at a higher level in the organisation or by an employers' association, but apply to union / staff association members here, count as recognised.

1. *Yes*
 2. *No*
 3. *Don't Know*
-

ASK ALL

Qindep2

Is this establishment..?

1. *a single independent establishment*
 2. *part of a larger organisation*
 3. *Don't Know*
-

ASK IF Qindep2 = part of a larger organisation

Qtotal2

How many employees in total are there within the whole organisation in the UK?

IF RESPONDENT DOESN'T KNOW, ASK FOR AN APPROXIMATE ANSWER

1. *0 to 49*
 2. *50 to 249*
 3. *250 to 499*
 4. *500 to 999*
 5. *1,000 to 1,999*
 6. *2,000 to 4,999*
 7. *5,000 to 9,999*
 8. *10,000 to 49,999*
 9. *50,000 to 99,999*
 10. *100,000 or more*
 11. *Don't Know*
-

ASK IF total2=Don't know

Qtotal3

Would you say the total number of employees within the whole organisation in the UK is less than 250 or 250 or more?

IF RESPONDENT DOESN'T KNOW, ASK FOR AN APPROXIMATE ANSWER

1. *Up to 250*
 2. *250 or more*
 3. *Don't know*
-

ASK IF Qindep2 = part of a larger organisation

Qinuk

Is the organisation..?

1. *wholly based in the UK*
 2. *or also based abroad*
 3. *Don't Know*
-

ASK IF Qinuk = or also based abroad

Qheadof

In which country is the controlling Head Office of the whole organisation?

1. *UK*
 2. *Elsewhere [SPECIFY]*
 3. *Don't Know*
-

1. SAY TO ALL

2.

3. I would now like to ask you about a range of human resource policies and practices in this establishment starting with pensions

[ASK ALL]

Qpensc

Are any employees entitled to be a member of an employer pension scheme to which the organisation contributes?

Please include personal pensions, group personal pension or stakeholder pension arrangements to which the organisation contributes,

1. *Yes*
 2. *No*
 3. *Don't know*
-

[IF Qpensc=Yes]

QOccSchme

Does your organisation offer (or has it offered in the past) an OCCUPATIONAL PENSION scheme for any employees?

Do not include personal pensions, group personal pension or stakeholder pension arrangements.

IF NECESSARY: Occupational pensions are pensions set up by individual employers or groups of employers for the benefit of their employees (these are sometimes known as salary related or money purchase schemes). Employers make contributions to the scheme and cover the administration costs. Employees may or may not make contributions to the scheme.

Do you have just one scheme or more than one (including any which are closed or frozen)?

1. *Yes – one*
 2. *Yes – more than one*
 3. *No*
 4. *Don't know*
-

ASK IF QOccSchme = 'Yes – one' OR 'Yes – more than one'

Qdbdc

IF QOccSchme = 'Yes – one'

Is this

QOccScheme= 'Yes – more than one'

are any of these...

A scheme where pension benefits are based on the final salary near to retirement

OR

A scheme where pension benefits are NOT based on final salary but is based on the accumulated value of contributions made

[IF QOccSchme = 'Yes – one' OR 'Yes – more than one']

OR BOTH

Other [Specify]

Don't know

ASK IF QOccSchme = 'Yes – one' OR 'Yes – more than one'

Some pension schemes have a single age at which people normally can draw their pension (e.g. 65), others have an age range (e.g. 60 to 65), others have opened-ended arrangements where no age is specified.

Qagepen

Which of these do you have for your occupational scheme/any of your occupational schemes?

1. *a single age at which members can normally draw their pensions*
 2. *an age range when members can normally draw their pensions*
 3. *open-ended arrangement where no age is specified*
 4. *Don't know*
-

ASK IF QOccSchme = 'Yes – one' OR 'Yes – more than one'

Qlowage

What is the (lowest) age at which members can normally draw their pension? (If more than one scheme, take the lowest age)

NUMERICAL (18-99)

DK

ASK IF Qagepen = 'an age range when members can normally draw their pensions'

Qragemax

(For the schemes with a normal age range) What is the maximum age at which employees can normally draw their pension (under any of these schemes)?

NUMERICAL (18-99)

DK

**ASK IF Qagepen = 'a single age at which members can normally draw their pensions'
or 'an age range when members can normally draw their pensions'**

Qrconacc

Can members continue to accrue pensions beyond the normal pensionable age if they remain in employment (in any of these schemes)?

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK IF Qagepen = 'open-ended arrangement' or IF Qrconacc = 'yes'

Qmaxacc

Is there a maximum age beyond which members cannot accrue further pension?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

ASK IF Qmaxacc=Yes

Qmaxacc2

What is this maximum age?

NUMERICAL (18-99)
DK

ASK ALL

Qleave1

Thinking about annual leave, does annual leave entitlement for any employees depend on length of service?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF QLEAVEL=Yes

Qleave2

And does annual leave entitlement continue to increase after 5 years or more?

INTERVIEWER: CODE AS YES IF ANY INCREASE AFTER 5 YEARS

1. *Yes*
2. *No*
3. *Don't Know*

ASK ALL

Qobenls

Do you have any other non-pay benefits for which the eligibility criteria include a minimum length of service of five years or more?

1. *Yes – SPECIFY*
 2. *No*
 3. *Don't Know*
-

ASK ALL

Qobenmi

Do you have any other non-pay benefits for which the eligibility criteria include a minimum age?

1. *Yes – SPECIFY*
 2. *No*
 3. *Don't Know*
-

ASK ALL

Qobenma

Do you have any other non-pay benefits for which the eligibility criteria include a maximum age?

1. *Yes – SPECIFY*
 2. *No*
 3. *Don't Know*
-

ASK ALL

Qretire

I would now like to ask you about your organisation's policy on retirement.

Could you tell me which of these apply to any of your employees:

READ OUT AND CODE EACH IN TURN

CODE ALL THAT APPLY

1. *There is a single age (e.g. 65) at which some employees are normally expected to retire*
 2. *There is an age range, at any time during which some employees are normally expected to retire (e.g. 60 to 65)*
 3. *There is no normal retirement age i.e. no age or age range at which some employees are normally expected to retire*
 4. *Never had anyone retire (DO NOT READ OUT – SINGLE CODE ONLY)*
 5. *Don't know (DO NOT READ OUT – SINGLE CODE ONLY)*
-

ASK ALL

Qformal

Do you have a formal policy on retirement?

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK IF Qretire = for some employees, there is a single age (e.g. 65) at which they are normally expected to retire'

Qnorage

[IF MORE THAN ONE ANSWER AT QRETIRE – You said that for some employees, there is an age (e.g. 65) at which they are normally expected to retire]

What is the normal retirement age?

INTERVIEWER: IF MORE THAN ONE, RECORD YOUNGEST

NUMERICAL (18-99)
DK

ASK IF Qretire = for some employees, there is a single age (e.g. 65) at which they are normally expected to retire'

Qhavret

Is it compulsory for any employees to retire at this age?

1. *Yes*
2. *No*
3. *Don't Know*

ASK IF Qhavret = no or DK

Qdiscre

Is staying on after the normal retirement age...?

1. *a right for all staff*
2. *a right for some staff or is it*
3. *at management discretion*
4. *Don't know*

IF NECESSARY: By "right" we mean that these staff would automatically be allowed to stay on if they wanted to.

CAN CODE BOTH 2 and 3

ASK IF Qhavret = no or DK

Qageret

Once past normal retirement age, is there an age at which it is compulsory for employees to retire?

1. *Yes*
2. *No*
3. *Don't Know*

ASK IF Qageret = yes

Qlowret

What is the lowest age at which any employees have to retire?

NUMERICAL: 18-99
Don't know

ASK IF Qageret = no or DK

Qretchk

So these employees can work beyond the state pension age or 65?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

ASK IF Qretire = for some employees, there is an age range, at any time during which they are normally expected to retire (e.g. 60 to 65)

Qarmin

[IF MORE THAN ONE ANSWER AT QRETIRE – You said that for some employees, there is an age range, at any time during which they are normally expected to retire (e.g. 60 to 65)]

What is the youngest age at which employees are normally expected to retire? (IF MORE THAN ONE, RECORD YOUNGEST)

NUMERICAL: 18-99
Don't know

ASK IF Qretire = for some employees, there is an age range, at any time during which they are normally expected to retire (e.g. 60 to 65)

Qarmax

What is the maximum normal retirement age? (IF MORE THAN ONE, RECORD YOUNGEST)

NUMERICAL: 18-99
Don't know

ASK IF Qretire = for some employees, there is an age range, at any time during which they are normally expected to retire (e.g. 60 to 65)

Qarhvt

Is it compulsory for any employees to retire at this age?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF NO AT QARHVRT or DK

Qardisc

Is staying on after the normal retirement age...?

READ OUT

IF NECESSARY: By "right" we mean that these staff would automatically be allowed to stay on if they wanted to.

CAN CODE BOTH 2 and 3

1. *a right for all staff*
 2. *a right for some staff or is it*
 3. *at management discretion*
 4. *Don't know*
-

IF NO AT QARHVRT or DK

Qararet

Once past normal retirement age, is there an age at which it is compulsory for employees to retire?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF YES AT QARARET

Qarlow

What is the lowest age at which any employees have to retire?

NUMERICAL (18-99)
DK

IF NO AT QARARET or DK

Qarchk

So these employees can work beyond the state pension age or 65?

1. *Yes*
2. *No*
3. *Don't know*

ASK IF Qretire = 3. There is no normal retirement age i.e. no age or age range at which some employees are normally expected to retire

OR IF Qretire = 4 Never had anyone retire

OR IF Qretire = DK

Qnorret

IF MORE THAN ONE ANSWER AT QRETIRE – You said that for some employees, there is no normal retirement age i.e. no age or age range at which some employees are normally expected to retire)]

Is there an age at which it is compulsory for these employees to retire?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF YES AT QNORRET

Qnolow

What is the lowest age at which any employees have to retire?

NUMERICAL (18-99)
DK

IF NO AT QNORRET or DK

Qnorchk

So these employees can work beyond the state pension age or 65?

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK ALL

Qcompul

[Forgetting about whether or not you currently have a compulsory retirement age], how important is it to your organisation that you are legally able to compulsorily retire employees? Would you say it is

1. *Very important*
2. *Quite important*
3. *Not very important*
4. *Not at all important*
5. *Don't know*

IF HAVE COMPULSORY RETIREMENT AGE

Qhavret=1 or Qdiscre= 2 or 3 or

**Qageret=1 or Qretchk=2 (i.e. have to go at state pension age or 65) or
Qarhvt=1 or Qardisc= 2 or 3**

**Or Qararet=1 or Qarchk=2 (i.e. have to go at state pension age or 65) or
Qnorret=1 or Qnorchk=2**

Qreafix Why do you have an age at which (some) employees have to retire?

1. *Historical/just do*
2. *Employment Equality Age Regulations*
3. *Sick pay costs*
4. *Manpower planning*
5. *Easier than having to dismiss older employees*
6. *Kinder than having to dismiss older employees*
7. *Higher cost of older employees*
8. *Lower productivity of older employees*

9. *NO REASON*
10. *Don't Know*
11. *Other (specify)*

IF HAVE RETIREMENT AGE

If Qretire=1 or Qretire=2 or (if norret=1 or norchk=2)

Qolder Do you currently employ any staff who are older than your organisation's normal retirement age for their job?

1. *yes*
2. *no*
3. *don't know*

**IF YES AT QOLDER or Qhavret=2 or Qarhvrt=2 or Qnorret=2 or Qhavret=3 or Qarhvrt=3 or
Qnorret=3**

Qcontra

For those continuing after the normal maximum retirement age, do they...

READ OUT

1. *Continue on an indefinite contract or*
2. *Move to a fixed-term contract*
3. *Don't know*

IF YES AT QOLDER or Qhavret=2 or Qarhvt=2 or Qnorret=2) or Qhavret=3 or Qarhvt=3 or Qnorret=3

Qcontr2

Are there any (other) changes in employees' contracts or employment rights after the normal (maximum) retirement age?

1. *Yes – specify*
2. *No*
3. *Don't know*

SAY TO ALL

We are interested in how the retirement procedures laid down in the Employment Equality Age Regulations have been working. These apply to employees from the age of 64 and six months and older.

ASK ALL

Qage64

Since October 2006, have you had any employees who are 64 and 6 months or older?

1. *Yes*
2. *No*
3. *Don't know*

IF YES AT QAGE64

Qretsou

Have any of these employees retired, or have you sought to retire any (including retire people at age 65)?

1. *Yes – retired*
 2. *Yes – sought to retire*
 3. *No - neither*
 4. *Don't know*
-

IF YES AT QRETSOU (CODES 1-2)

Qstat

[When they retired/ you sought to retire these employees] did you go through the statutory procedure for retirement?

INTERVIEWER NOTE:

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF YES AT QAGE64

Qdissou

Have you dismissed or sought to dismiss any of these employees?

1. *Yes – dismissed*
 2. *Yes – sought to dismiss*
 3. *No - neither*
 4. *Don't know*
-

IF YES AT QDISSOU (CODES 1-2)

Qstat2

[When you dismissed/ sought to dismiss these employees] did you go through the statutory procedure for retirement?

INTERVIEWER NOTE:

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK ALL

Qstat3

Since October 2006, have any employees requested, under the statutory procedures, to work beyond retirement age?

1. *Yes*
2. *No*
3. *Don't know*

IF YES AT QSTAT3

Qstat3a

How many times have employees requested this?

NUMERICAL (1-99)
DK

IF DK AT QSTAT3A

Qstat3b

Would you say it is once or more than once?

Once
More than once
DK

IF YES AT QSTAT3

Qstat4

Have any requests been granted?

1. *Yes – all*
 2. *Yes – some*
 3. *No - none granted*
 4. *Don't know*
-

ASK ALL

I'd now like to turn to redundancies

Qredun Have you had any redundancies at this establishment in the last five years?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qredun=No or DK

Qcredun Do you have standard criteria for selecting people for compulsory redundancy?

1. *Yes*
2. *No*
3. *Don't know*

IF Qcredun = Yes OR Qredun = Yes

Qcrit1 Which of the following criteria [do you have/ did you use] for selecting people for compulsory redundancy....?

(IF RESPONDENT SAYS DEPENDS THE JOB, ASK WHAT THEY WOULD DO. IF THEY NEEDED TO CHOOSE BETWEEN PEOPLE)

1. Length of service
2. Age of employee
3. Competence
4. Sickness absence records

1. *Yes*
2. *No*
3. *Don't know*

IF Qcredun = Yes OR Qredun = Yes

Qlifo

[Did/ do you use] "last in first out" as a criterion?

1. *Yes*
2. *No*
3. *Don't know*

ASK ALL

Qcompay Did/ would you provide redundancy payments above the statutory minimum for those made compulsorily redundant?

1. *Yes*
2. *No*
3. *Don't know*

IF Qcompay = Yes

Qenbas1 Were/ would these enhanced payments [be] based on age?

1. *Yes*
2. *No*
3. *Don't know*

IF Qenbas1 = Yes

Qenbas2 Do/ would redundancy payments:

1. *Decrease close to retirement*
2. *otherwise increase with age*
3. *otherwise decrease with age*
4. *Other [specify]*
5. *Don't know*

IF Qcompay = Yes

Qenbas2 And are/ would these enhanced payments [be] based on length of service?

1. *Yes*
2. *No*
3. *Don't know*

ASK ALL

Qcredunv Do you have standard criteria for eligibility for voluntary redundancy?

1. *Yes*
2. *No*
3. *Don't know*

IF Qcredunv = Yes OR Qredun = Yes

Qrestv1 For voluntary redundancies, is eligibility restricted to those over (or under) a certain age?

1. *Yes*
2. *No*
3. *Don't know*

IF QRESTV1=Yes

Qrestv1a

Which of the following age ranges are eligible for voluntary redundancy?

CAN CODE MORE THAN ONE

1. *Young employees aged 25 or less*
 2. *Employees between 25 and 50*
 3. *Older employees aged 50 or more*

 4. *Other (specify)*
 5. *Don't know*
-

IF Qcredunv = Yes OR Qredun = Yes

Qrestv2 (For voluntary redundancies), is eligibility related to length of service?

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK ALL

Qvolred Do you provide redundancy payments above the statutory minimum for those made voluntarily redundant?

1. *Yes*
 2. *No*
 3. *Don't know*
-

ASK ALL

Qequal I would now like to ask you some questions about Equal Opportunities policies and practices at your establishment.

Does this workplace have a formal written policy on equal opportunities or managing diversity?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qequal = Yes

Qgsex Does the policy specifically address equality of treatment or discrimination on any of the following grounds

1. Sex or gender

2. Ethnicity or race
3. Disability or health
4. Age

1. Yes
 2. No
 3. Don't know
-

ASK ALL

Qeqtrn Are any staff given training in Equal Opportunities?

IF YES : Is that all or some?

1. Yes - all
 2. Yes - some
 3. No
 4. Don't Know
-

IF Qeqtrn = some OR Qeqtrn = all

Qeqage Does this include training in Equal Opportunities in respect of age specifically?

1. Yes
 2. No
 3. Don't know
-

ASK ALL

Qstatsa Do you collect and monitor data on the age profile of your workforce to identify whether there may be any direct or indirect discrimination in respect of age?

IF COLLECT BUT DO NOT MONITOR CODE NO

1. Yes
 2. No
 3. Don't know
-

IF QSTATSA=Yes

Qaction Have you ever taken any action to address or guard against age discrimination as a result of monitoring your policies or your statistics?

1. *Yes*
2. *No*
3. *Don't know*

SAY TO ALL

I'd like to turn now to the subject of recruitment and to focus on your [TYPE OF EMPLOYEE FROM DUMEMP]. When answering these questions please think about all types of employees in this group.

INTERVIEWER: THIS IS THE GROUP OF PEOPLE THEY SHOULD BE ANSWERING ABOUT DURING THIS SECTION ON RECRUITMENT.

ASK ALL

Qrecru In the last five years, have any [TYPE OF EMPLOYEE FROM DUMEMP] been recruited to your establishment?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qrecru is No/ Don't know

Qrecru2 Have you tried to recruit any [TYPE OF EMPLOYEE FROM DUMEMP] to your establishment in the last five years?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qrecru = Yes OR Qrecru2 = Yes

Qinclu3 When your establishment has a vacancy for [TYPE OF EMPLOYEE FROM DUMEMP], do you advertise the job?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF QINCLU3=Yes

Qinclu4 Do you normally include information on the preferred age range in the advertisement?

1. Yes
2. No
3. Don't know

IF Qrecru = Yes OR Qrecru2 = Yes

Qaskag2 For [TYPE OF EMPLOYEE FROM DUMEMP] do you ask for date of birth or age at some stage in the selection process, for example on an application form?

1. Yes
2. No
3. DO NOT READ OUT – Don't have selection process
4. Don't Know

IF Qaskag2 = Yes

Qseldob Is the applicant's date of birth or age seen by those shortlisting and/or interviewing?

1. Yes
2. No
3. DO NOT READ OUT – Don't shortlist/ interview
4. Don't Know

IF Qrecru = Yes OR Qrecru2 = Yes

Qofr As well as other factors, which of the following affect whether you offer someone an interview or a job when recruiting new employees to [TYPE OF EMPLOYEE FROM DUMEMP]?

1. qualifications
2. potential service with the organisation (i.e. how long they will stay)
3. age
4. disability or health

1. Yes
2. No
3. DO NOT READ OUT – Not applicable
4. Don't Know

IF Qofr(2) (Potential service) = Yes

QminseY You said that potential service would be a factor. Normally, what would be the minimum expected length of service you would accept?

ENTER YEARS. TYPE IN ZERO IF GIVE MONTHS ONLY

0 TO 50
Don't know

QminseM ENTER MONTHS HERE. TYPE IN ZERO IF ENTERED WHOLE NUMBER OF YEARS ONLY.

0 TO 12 (Numeric Range)

IF Qofr(2) (Potential service) = Yes

Qpotse1 Which of the following do you take in to account in deciding how long someone is likely to stay?

1. How long they say they will stay
2. Previous employment history
3. Closeness to retirement
4. Age

1. Yes
 2. No
 3. Don't know
-

IF Qofr(3) AGE= Yes OR qpotse (4) AGE = Yes

¹⁾Qageaf1 You said that age may affect whether or not you offer someone an interview or a job. Are there any ages that would count AGAINST an applicant?

1. Yes
 2. No
 3. Don't know
-

IF qageaf1 = Yes

Qageaff

What ages would count against an applicant?

ENTER AS AGE RANGE

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

INTERVIEWER: If there are multiple age ranges enter the first on the next 2 screens and subsequent ranges on following screens

12 TO 90 (Numeric Range)
Don't know

IF qageaf1 = Yes

Qtoold'INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)
Don't know

IF qageaf1 = Yes

qageaf2 INTERVIEWER: If there is another age range that would count against an applicant code 'Yes' IF NOT code 'No'

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF qageaf2 = Yes

Qtooyou

What other ages would count against an applicant?

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

INTERVIEWER: If there are multiple age ranges enter the first on the next 2 screens and subsequent ranges on following screens

12 TO 90 (Numeric Range)
Don't know

IF qageaf2 = Yes

Qtool1'INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)

Don't know

IF qageaf2 = Yes

Qageaf3 INTERVIEWER: If there is another age range that would count against an applicant code 'Yes' IF NOT code 'No'

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF qageaf3 = Yes

Qtooyo1 What ages would count against an applicant?

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

12 TO 90 (Numeric Range)
Don't know

IF qageaf3 = Yes

qtoool2 INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)
Don't know

IF Qofr(3) AGE= Yes OR qpotse (4) AGE = Yes

qageaf4 Are there any ages that would count in FAVOUR of an applicant?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF qageaf4 = Yes

Qgdage1 What ages would count in favour of an applicant?

ENTER AS AGE RANGE

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

INTERVIEWER: If there are multiple age ranges enter the first on the next 2 screens and subsequent ranges on following screens

12 TO 90 (Numeric Range)
Don't know

IF qageaf4 = Yes

Qgdage2 'INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)
Don't know

IF qageaf4 = Yes

qageaf5 INTERVIEWER: If there is another age range that would count in FAVOUR of an applicant an applicant code 'Yes' IF NOT code 'No'

1. Yes
 2. No
 3. Don't Know
-

IF qageaf5 = Yes

qgdage3 What other ages would count in favour of an applicant?

ENTER AS AGE RANGE

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

INTERVIEWER: If there are multiple age ranges enter the first on the next 2 screens and subsequent ranges on following screens

12 TO 90 (Numeric Range)
Don't know

IF qageaf5 = Yes

qgdage4 'INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)
Don't know

IF qageaf5 = Yes

qageaf6 INTERVIEWER: If there is another age range that would count in favour of an applicant code 'Yes' IF NOT code 'No'

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF qageaf6 = Yes

Qgdage7 What other ages would count in favour of an applicant?

ENTER AS AGE RANGE

INTERVIEWER: Enter the lowest age on this screen and the highest age on the next screen

12 TO 90 (Numeric Range)
Don't know

IF qageaf6 = Yes

Qgdage8 'INTERVIEWER: Enter the highest age on this screen

12 TO 90 (Numeric Range)
Don't know

ASK ALL

Qmaxrec Is there a maximum recruitment age for [TYPE OF EMPLOYEE FROM DUMEMP]?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

IF Qmaxrec=1

Qoldest What is the maximum recruitment age?

12 TO 90 (Numeric Range)

Don't know

IF Qmaxrec=1

Qoldes2 What is the lowest maximum recruitment age?

12 TO 90 (Numeric Range)

Don't know

If Qmaxrec= 2 or 3 AND (Qretire=1 or 2 or (Qretire=3 and (norret=1 or norchk=2))

Qnomax1 So might you recruit someone above your normal retirement age?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

If Qnomax1 = 2 or 3

Qnomax2 So might you recruit someone above state pension age?

1. *Yes*
 2. *No*
 3. *Don't Know*
-

ASK ALL

Qstrtp1 Which, if any, of these factors affect the starting pay offered to a [TYPE OF EMPLOYEE FROM DUMEMP] recruit?

1. Current salary
2. Age
3. Qualifications

1. *Yes*
2. *No*
3. *Don't Know*

IF Qstrtp1 (2 AGE)=YES

Qstrtp2

Does age affect pay only because you have special rates for young people or is it for some other reason?

1. *Young people's rates*
2. *Other reason*
3. *Both*
4. *Don't know*

ASK ALL

Qapprai I'd now like to turn to appraisal, promotion and training. Do staff have their performance formally appraised?

IF YES: Is that all staff or some staff

1. *Yes - all*
2. *Yes - some*
3. *No - none*
4. *Don't know*

ASK ALL

Qpromo Have any [TYPE OF EMPLOYEE FROM DUMEMP] been promoted in this establishment in the last five years?

INTERVIEWER: INCLUDE PROMOTION FROM OTHER PARTS OF THE ORGANISATION TO THIS ESTABLISHMENT, AND FROM THIS ESTABLISHMENT TO OTHER PARTS OF THE ORGANISATION.

1. *Yes*
2. *No*
3. *Don't know*

IF Qpromo = Yes

Qpromot1 For the [TYPE OF EMPLOYEE FROM DUMEMP], is age taken into consideration in the promotion decision?

1. *Yes*
2. *No*

3. *Don't know*
-

IF Qprmot1=Yes

Qymattr Why does age matter?

DO NOT READ OUT. CODE ALL THAT APPLY

1. *Time to learn the job – younger people don't stay*
 2. *Time to learn the job – older people retire*
 3. *Older people are unlikely to be able to do the job*

 4. *Younger people have the right skills, approach or energy*
 5. *Younger people are unlikely to be able to do the job*

 6. *Older people have the right skills, approach or energy*
 7. *Younger people can't supervise/manage people older than themselves*
 8. *If someone was good they would have been promoted before this age*
 9. *Too close to retirement*
 10. *Other [SPECIFY]*
 11. *Don't Know*
-

SAY TO ALL

Now I would like to ask you about training for [TYPE OF EMPLOYEE FROM QMJOB]. We are interested in off-the-job training paid for or supported by the organisation. By off-the-job training, we mean training for which employees are given a break from their normal work duties, whether the training takes place at their immediate work position or elsewhere.

ASK ALL

Qoffert Does the organisation pay for or support off-the-job training for [TYPE OF EMPLOYEE FROM DUMEMP]?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF QOFFERT=Yes

Qaftrn1 Do any of the following factors affect who gets off-the-job training..?

1. *Age*
2. *Potential length of service with the organisation (i.e. how long they will stay)*
3. *Time left before retirement*

1. *Yes*
2. *No*
3. *Don't Know*

IF Qaftrn1 (LENGTH OF SERVICE) = Yes

Qmisery

Normally, for training to be given to [TYPE OF EMPLOYEE FROM DUMEMP], what would be the minimum expected length of service you would accept?

ENTER YEARS. TYPE IN ZERO IF GIVE MONTHS ONLY

0 TO 50
Don't know

IF Qaftrn1 (LENGTH OF SERVICE) = Yes

Qmiserm ENTER MONTHS HERE. TYPE IN ZERO IF ENTERED WHOLE NUMBER OF YEARS ONLY.

0 TO 12 (Numeric Range)

IF Qaftrn1 (LENGTH OF SERVICE) = Yes

Qdecst1 Which of the following do you take in to account in deciding how long someone is likely to stay?

1. How long they say they will stay
2. Time before retirement
3. Age

1. *Yes*
2. *No*
3. *Don't Know*

IF Qaftrn3 (TIME BEFORE RETIREMENT) = Yes OR Qdecst2 (TIME BEFORE RETIREMENT) = Yes

Qb4ret How many years before retirement would you be less likely to offer off-the-job training to [TYPE OF EMPLOYEE FROM DUMEMP]?

0 TO 25 (Numeric Range)

Don't know

IF Qaftrn1 Age = Yes OR Qdecst3 Age = Yes

qagetr1 You said that age may be taken in to consideration when deciding whether [TYPE OF EMPLOYEE FROM DUMEMP] would be offered off-the job training.

Are there any ages that would count against someone?

1. Yes
 2. No
 3. Don't Know
-

ASK ALL

Qsampay I would now like to ask you about payment systems at this workplace.

Do all full-time [TYPE OF EMPLOYEE FROM DUMEMP] receive the same rate of pay?

1. Yes
 2. No
 3. Don't Know
-

IF Qsampay = No

Qaff Is the pay of [TYPE OF EMPLOYEE FROM DUMEMP] affected by

1. Years of service
2. Years of relevant job experience
3. Individual performance (including payment by result, merit and performance pay)
4. How likely they are to leave
5. Formal qualifications and completion of training courses

1. Yes
 2. No
 3. Don't know
-

IF Qsampay = No

Qaffa Is the pay of [TYPE OF EMPLOYEE FROM DUMEMP] affected by having a special rate for young people?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qsampay = No

Qaffb Is the pay of [TYPE OF EMPLOYEE FROM DUMEMP] affected by age in any other way?

1. *Yes*
 2. *No*
 3. *Don't know*
-

IF Qaffa = YES

You said you have a special rate for young people. Which ages does this cover?

Please specify the age range covered by each special rate

Rate 1 minimum age

Rate 1 maximum age

Rate 2 minimum age

Rate 2 maximum age

Rate 3 minimum age

Rate 3 maximum age

Rate 4 minimum age

rate 4 maximum age

IF Qsampay = No

Qsys Do you have incremental pay scales for [TYPE OF EMPLOYEE FROM QDUMEMP] (that is, pay scales with fixed points which people gradually move up - increases do not have to be automatic, nor awarded regularly)

- Yes
 - No
 - Don't Know
-

IF Qsys = Yes

Qincred Is progression up the incremental scales for [TYPE OF EMPLOYEE FROM QEMPTYTYPE] based on..?

READ OUT. CODE ALL THAT APPLY

Length of service (e.g. an automatic annual increment until reach the top of the scale)
Merit (i.e. assess performance)
Age
Don't Know

IF Qincred = Length of service (e.g. an automatic annual increment until reach the top of the scale)

Qhlong Does it normally take more than five years to reach the top of the incremental scale or is it five years or less?

More than five years
Five years or less
Don't Know

ASK ALL

Qsuitb Thinking about all the different types of jobs in this establishment, are there any jobs where you think employees in a certain age range are more suitable?

Yes
No
Don't Know

IF Qsuitb = Yes or DK

Qsuitmn Do you think managerial and senior administrative jobs are more suited to people in a certain age range?

Yes
No
Don't Know

IF Qsuitb = Yes or DK

Qsuitot Do you think other jobs are more suited to people in a certain age range?

IF NECESSARY EXPLAIN THIS MEANS 'NON-MANAGERIAL AND NON-SENIOR ADMINISTRATIVE JOBS'

Yes
No
Don't Know

Asked of the 90% not asked about managerial, and not saying managerial at Qempty

IF DUMEMP=1 AND QEMPTY<>1

Qsuitog Do you think [TYPE OF EMPLOYEE FROM DUMEMP] jobs are more suited to people in a certain age range?

Yes
No
Don't Know

IF Qsuitog = Yes or ((IF DUMEMP=2 OR QEMPTY=1)_ AND Qsuitmn=1)

QgdageFor [TYPE OF EMPLOYEE FROM DUMEMP] jobs, which you think are more suited to certain age groups, which of these age ranges are most suitable?

READ OUT. ALLOW MORE THAN ONE RESPONSE

INTERVIEWER NOTE: COULD COVER EVERY AGE GROUP AS MAY BE THINKING OF A NUMBER OF JOBS.

Aged under 25
Aged 25 to 39
Aged 40 to 49
Aged 50 or more
Don't Know

IF Qsuitog = Yes or ((IF DUMEMP=2 OR QEMPTY=1)_ AND Qsuitmn=1)

Qbadage And which age of these ranges are less suitable?

READ OUT. ALLOW MORE THAN ONE RESPONSE

INTERVIEWER NOTE: COULD COVER EVERY AGE GROUP, AS MAY BE THINKING OF A NUMBER OF JOBS.

Aged under 25
Aged 25 to 39
Aged 40 to 49
Aged 50 or more
Don't Know

ASK ALL

Qlegis The Employment Equality Age Regulations were introduced in 2006. How well do you understand the requirements of the legislation. Would you say...

IF NECESSARY: This is legislation which prohibits employers discriminating against employees on grounds of age

READ OUT

Very well
Quite well
Not very well
Not at all well
Don't know

ASK ALL

Qlegis2

Do you feel you need to know and understand more about the legislation?

Yes
No
Don't Know

ASK ALL

Qchapol

Has your organisation changed any of its policies or practices due to the legislation?

Yes
No
Don't Know

IF YES AT QCHAPOL

Qchapo2

As a result of the legislation, have you...

READ OUT – CAN CODE MORE THAN ONE

Introduced

Got rid of , or
Changed your **formal retirement policy** [SPECIFY]

None of these
Don't know

IF YES AT QCHAPOL

Qchapo4

As a result of the legislation, have you...

READ OUT – CAN CODE MORE THAN ONE

Introduced
Got rid of , or
Changed your **compulsory retirement age**

None of these
Don't know

IF Changed your compulsory retirement age AT QCHAPO4

Qchap4a

What was the previous compulsory retirement age?

NUMERICAL (18-99)
Had a range/ varied
DK

IF YES AT QCHAPOL

Qchapo5

As a result of the legislation, have you...

READ OUT – CAN CODE MORE THAN ONE

Introduced
Extended , or
Changed the nature of your formal appraisal system (e.g. changed to self-appraisal, or 360 degree appraisal) [SPECIFY]

None of these
Don't know

IF YES AT QCHAPOL

Qchapo6

And as a result of the legislation, have you introduced or extended training on age discrimination?

- Yes
- No
- Don't know

ASK ALL

Qsickp

Before we finish I just have a few final questions about sick pay benefits. Are any employees entitled to sick pay in addition to the statutory pay of £79.15 per week?

PROMPT: Is that all or some employees?

- 1. entitlement for all staff
- 2. entitlement for some staff
- 3. not offered
- 4. Don't Know

ASK IF Qsickp = not offered

Qsickn

Is this because your organisation has got rid of sick pay benefits following the Employment Equality Age legislation?

- 1. Yes
- 2. No
- 3. Don't Know

ASK IF Qsickp = 'entitlement for all staff' OR 'entitlement for some staff'

Qmaxas

Is there a maximum age for eligibility?

IF "NO" PROMPT: so people could be eligible even over your normal retirement age? IF NO: so what would be the maximum? (CODE "YES" HERE AND CODE MAXIMUM AGE ON NEXT SCREEN).

4. Yes
 5. No
 6. Don't Know
-

ASK IF Qmaxas = Yes

Qlmaxas

What is the maximum age? RECORD YOUNGEST MAXIMUM AGE IF MORE THAN ONE MENTIONED.

PROMPT: Is that for all eligible staff? If not, do any staff have a younger maximum age. RECORD YOUNGEST MAXIMUM.

Numeric Range

Had a range/ varied

Don't Know

ASK IF Qsickp = 'entitlement for all staff' OR 'entitlement for some staff'

Qskelig

Have the eligibility rules changed since the legislation?

1. Yes
 2. No
 3. Don't Know
-

ASK IF Qskelig = Yes

Qmaxeli

Have you introduced a maximum age for eligibility?

1. Yes
 2. No
 3. Don't Know
-

ASK IF Qskelig = Yes

Qchaeli

Have you changed the maximum age for eligibility?

1. Yes

2. No
3. Don't Know

ASK IF Qchaeli= Yes

Qchaeli2

What was the previous maximum age?

Numeric Range

18-99

Had a range/ varied

Don't Know

ASK IF Qskelig = Yes

Qothcha

Have you made any other changes to eligibility rules for sick pay since the legislation – for example, relating to age or length of service?

Yes – increased length of service

Yes – reduced length of service

Yes – Other (specify)

No other changes

Don't know

ASK ALL

QwhereFinally, just a few questions about yourself.

Where do you normally get information on employment legislation?

DO NOT READ OUT.

CODE ALL THAT APPLY.

IF MENTION NAME OF WEBSITE/JOURNAL THAT DO NOT KNOW, ASK WHAT IT IS AND TRY TO CODE.

Head office/ HR manager/ internal communications
HR/ personnel journals
Other business/ industry journals
DWP website
BIS/ BERR website
Other internet/ website
General newspapers/ magazines
TV/ radio
CIPD (Chartered Institute of Personnel and Development)
CBI
Other trade/ business association
Accountant
Legal adviser
Word of mouth/ colleague

None – DON'T LOOK FOR INFORMATION
Don't Know
Other (SPECIFY)

ASK ALL

Qjtitle

Can I just check your job title please?

PROMPT TO PRECODES

4. *Owner/ partner*
5. *Managing director*
6. *Director of personnel/human resources*
7. *Other director*
8. *General manager*
9. *Personnel/human resources manager*
10. *Premises/office manager*
11. *Other manager*
12. *Personnel or training officer*
13. *Recruitment officer*
14. *Other specify*

Qage And could you please tell me how old you are?

18 TO 75 (Numeric Range)
REFUSAL

Qsex RECORD SEX. DO NOT ASK

Male
Female

ASK ALL

Qfinal

Thank you so much for your time today. On behalf of DWP and BIS. I would like to say how much we appreciate you taking part in this study.

We may wish to analyse the answers you have given together with other data, to which we have authorised access. Would you be content for us to do this?

IF NECESSARY SAY: Your answers will remain totally confidentiality - all data will be anonymised and used for statistical and analytical purposes only,

- 2) Yes
 - 3) No
-

Qrecon2 [ASK ALL]

Would you also be willing for either DWP or BIS to contact you in the future about other research that they might be conducting?

IF NECESSARY SAY: They would write to you initially about the research

1. Yes
 2. No
-

Qrecon3 [ASK ALL]

Would you be happy for us to contact you again if we have any further questions for you?

1. OK TO RECONTACT
2. NOT OK TO RECONTACT

THANK AND CLOSE

Appendix F: Advance letter

Address 1

Address 2

Address 3

Reference No:

30 September 2009

Dear [NAME],

I am writing to ask for your help. The Department for Work and Pensions (DWP) and the Department for Business, Innovation and Skills (BIS) are consulting businesses about their current employment practices. They have commissioned BMRB, an independent social research company, to carry out this consultation on their behalf.

This important study will give us vital information about the current practices of workplaces which will directly inform government policy.

Your establishment has been selected at random from the Inter-Department Business Register, a database kept by the Office for National Statistics.

A researcher from BMRB will telephone you next week to arrange an appointment with you. The interview will be conducted over the telephone at a time convenient to you and will last around 20 minutes. It will cover issues such as retirement, recruitment and training.

The information you provide will be used solely for research purposes and will be treated in strict confidence in accordance with the Data Protection Act. Neither individuals nor the workplace will ever be identified in the published results or to DWP and BIS.

If you would like any more information about this, please call me on xxxxxx.

I hope that you will be able to help with this important study.

Yours sincerely,

Appendix G: Definitions of occupational groups:

A Managers and senior officials Managers and senior officials head government, industrial, commercial and other establishments, organisations or departments within such organisations. They determine policy, direct and coordinate functions, often through a hierarchy of subordinate managers and supervisors. Occupations included are: general managers, works managers, production managers, marketing or sales managers, directors of nursing, catering managers and bank managers. This group also includes police inspectors and *senior* officers in the fire, ambulance and prison services. This group does not include supervisors or foremen. These employees should be grouped within their skill base e.g. a clerical worker supervising other clerical workers would be grouped with them. A fitter and turner acting as a supervisor or foreman would be classified as a craft or skilled worker.

B Professional occupations Professionals perform analytical, conceptual and creative tasks that require a high level of experience and a thorough understanding of an extensive body of theoretical knowledge. They research, develop, design, advise, teach and communicate in their specialist fields. The specialist fields include: science, building, engineering, health and social sciences. Occupations include professionals in the above fields, as well as lecturers and teachers, doctors, lawyers and accountants.

C Associate professional and technical occupations Employees in this group perform complex technical tasks requiring the understanding of a body of theoretical knowledge and significant practical skills. Technicians in medical, scientific, engineering, building, entertainment and transport industries are included in this group. This occupational group includes police, fire service and prison officers (other than senior officers), registered nurses, IT support technicians, insurance underwriters, artists and designers.

D Administrative and secretarial occupations Clerical workers gather, record, order, transform, store and transmit information on paper or electronic media and require moderate literacy and numeracy skills. The main occupations covered in this group include civil service and local government clerical officers; data processing and business machine operators; accounting, insurance and broking clerks; filing and mail clerks; production and transport clerks; and receptionists, secretaries and storekeepers.

E Skilled trades occupations Employees in this group perform complex physical tasks. They apply a body of trade-specific technical knowledge requiring initiative, manual dexterity and other practical skills. Trades in metal fitting and machining, motor mechanics, electrical and electronics, building, printing, vehicle production,

food preparation and other recognised apprenticeship trades are included in this group. Trade apprentices and trainees are also to be included in this group.

F Caring, leisure and other personal service occupations Employees in this group include care assistants, child carers, assistant auxiliary nurses, travel agents, hairdressers, domestic staff and undertakers.

G Sales and customer service occupations This group includes all employees engaged in buying (wholesale or retail), broking and selling. Included are sales representatives, sales assistants, till operators, call centre agents, roundsmen and garage forecourt attendants.

H Process, plant and machine operatives and drivers Plant and machine operators and drivers operate vehicles and other large equipment to transport passengers and goods, move materials, generate power, and perform various agricultural and manufacturing functions. Some of the occupations covered include bus, truck and locomotive drivers; excavator, forklift and tractor drivers; boiler, chemical plant, crane and furnace operators as well as packers and machinists (including metal press or casting operators, sewing machinists, yarn or fabric manufacturing machine operators and food processing machine operators).

I Routine unskilled occupations Workers in this group perform routine tasks, either manually or using hand tools and appliances. The group includes such occupations as factory hands, cleaners, construction and mining labourers, shelf fillers, postal workers and mail sorters, caretakers, waiters, kitchen hands and porters, car park attendants, traffic wardens, security guards and messengers.

Appendix H: Characteristics of SEPPP1 and SEPPP2 samples

One of the aims of the study was to assess change in employers' policies, practices and attitudes related to age since the first survey, SEPPP1, in 2005/6. The extent of change measured by the two surveys will be affected by changes in the composition of respondents³⁹. This appendix presents data in the main characteristics found to be associated with age-related policies and practices in SEPPP1 (i.e. establishment size, organisational size, sector and industry).

The weighted samples are very similar. There was little difference in the composition of the samples by organisational size (Table H. 1), sector (Table H. 2) and industry (Table H. 3), although employment in the public sector had risen and the private sector fallen. Establishment size was slightly smaller in SEPPP2 (Table H. 4). As smaller establishments tend to have less sophisticated human resource policies and practices, this might be expected to lead to an underestimation of improvements in age-related policies and practices and to an overestimation of a reduction in formalised and compulsory retirement. However, this lack of sophistication of small establishments is linked to their organisational size and so the similarity of organisation size between the two surveys is likely to mean the smaller average establishment size has little effect on the findings.

Table H. 1 Organisational size

Number of employees	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
5-49	56	22	52	21
50-249	11	21	12	15
250-999	6	12	8	14
1000-9,999	9	13	11	22
10,000+	7	22	11	20
Don't know	12	12	7	8
<i>Base</i>	<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

³⁹ Changes in composition will occur due to changes in the composition of the sample population (i.e. changes in the economy, affecting employment size, sector and industry) and sampling variation.

Table H. 2 Sector

	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
Private sector	72	59	73	65
Public sector	21	35	21	29
Voluntary sector	6	5	6	5
Don't know	1	1	1	1
<i>Base</i>	<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

Table H. 3 Industry

SIC ^a code	Standard Industrial Classification	SEPPP2		SEPPP1	
		% establishments	% employees	% establishments	% employees
D	Manufacturing	8	11	11	14
E	Electricity, gas and water supply	*	*	*	1
F	Construction	6	4	6	4
G	Wholesale and retail trade: repair of motor vehicles, etc.	23	17	24	16
H	Hotels and restaurants	11	6	9	6
I	Transport, storage and communication	4	5	4	6
J	Financial intermediation	3	4	4	5
K	Real estate, renting and business activities	17	16	15	15
L	Public administration and defence	3	7	5	9
M	Education	6	10	7	8
N	Health and social work	11	14	10	12
O	Other community, social and personal service activities	7	5	6	5
	Don't know	0	0	*	*
<i>Base</i>		<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

^a Standard Industrial Classification code

Table H. 4 Establishment size

Number of employees	SEPPP2		SEPPP1	
	% establishments	% employees	% establishments	% employees
5-9	33	10	29	9
10-24	33	8	26	12
25-49	14	15	14	13
50-199	12	30	14	23
200+	7	36	16	43
Don't know	*	1	1	1
<i>Base</i>	<i>2205</i>	<i>2205</i>	<i>2087</i>	<i>2087</i>

Appendix I: Statistical significance of differences between SEPP1 and SEPP2 based on Fisher's Exact t-test

	SEPP1	SEPP2	probability of this or stronger association
Establishments			
Have EO policy	72%	77%	0.000100
Have EO policy incl age	56%	67%	0.000000
Have EO training	50%	53%	0.025840
Training covers age	19%	22%	0.008821
Monitor age	32%	22%	0.000000
Taken action	3%	5%	0.000536
include age in job advert	6%	2%	0.000000
Ask for age during recruitment	64%	37%	0.000000
Age data seen	44%	25%	0.000000
Expect service <1yr	20%	18%	0.053526
Expect service 1-3 yrs	9%	11%	0.016016
Expect service > 3yrs	4%	6%	0.001543
Use disability/health in recruit	23%	29%	0.000004
Use qualifications in recruit	60%	69%	0.000000
Use time before retirement	18%	15%	0.004510
Use age	7%	9%	0.009633
Starting pay influenced by age	13%	15%	0.030894
All in occupation paid the same	27%	33%	0.000000
Years of experience affects pay	41%	42%	0.267639
Youth rates affect pay	11%	10%	0.153662
Age other than youth rates affects pay	5%	1%	0.000000
Likelihood of leaving in setting pay	16%	4%	0.000000
Use incremental scales	36%	22%	0.000000
Use length of service for increments	21%	11%	0.000000
Has pension scheme	63%	66%	0.022437
Sick pay above statutory	69%	66%	0.019474
Maximum age for sick pay	6%	1%	0.000000
Has performance appraisal	68%	79%	0.000000
Supports off the job training	77%	80%	0.009262
Potential length of service	8%	7%	0.113371
Time till retirement	8%	5%	0.000037
Age affects promotion decision	4%	3%	0.046807
Redundancy: length of service	40%	16%	0.000000
Redundancy: LIFO	28%	12%	0.000000
Redundancy: age	12%	2%	0.000000
Compulsory retirement for none	57%	62%	0.000502
Compulsory retirement <65	6%	2%	0.000000
Some jobs more suitable by age	21%	23%	0.060710
Employees			
Have EO policy	86%	90%	0.000030
Have EO policy incl age	67%	84%	0.000000
Have EO training	67%	68%	0.250780
Monitor age	48%	46%	0.912967
Has performance appraisal	86%	89%	0.000000
Compulsory retirement for none	50%	55%	0.000563
Compulsory retirement <65	8%	2%	0.000000

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