

REPORT

EXTENDING WORKING LIVES

A DEVOLVED, LIFECOURSE APPROACH TO ENABLING WORK BEYOND STATE PENSION AGE



Anna Round

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SUMMARY

60-SECOND SUMMARY

In the UK – and throughout the developed world – longevity is rising, and older people make up a larger proportion of the population than ever before. Without major changes in patterns of retirement, this could place a severe strain on the public funding of pensions and other provision for old age. People will also need to save more for their later lives. In many countries (including Britain), the state pension age (SPA) has been raised and policies introduced to discourage early retirement. And more people *are* working up to and beyond the SPA, for financial reasons and also for personal and social ones. Many – although by no means all – of today’s retirees are relatively well-off, but future generations may not have the same opportunities to save or acquire property.

Only major policy and cultural changes will enable extended working lives to become the norm rather than the exception. We also need approaches that address the particular challenges for sectors where work involves heavy physical or emotional demands, for small businesses, and for other areas of the economy. Despite increased overall longevity, rates of poor health and of frailty are relatively high in some regions and communities; these factors may make it difficult for some people to continue in work, or to continue in the same work as before. Low-paid workers in very physical jobs may encounter a ‘double bind’ of needing to earn for longer but being unable to remain in their established job. The current policy focus on ‘good jobs’ must include making work better for older people.

We propose a holistic approach in which local enterprise partnerships and combined authorities lead with a ‘lifecourse’ approach to policies for extending working lives. This should involve analysis of economic and population trends to identify local challenges and opportunities. Experts based in regional ‘lifecourse work centres’ should work with partners to develop programmes that can support businesses and individuals. Regional ‘generational accounts’ should be used to plan and evaluate economic and social impacts.

KEY FINDINGS

- The proportion of the UK population aged 65 and over is increasing; it accounted for 14.1 per cent of the population in 1975 and 17.8 per cent in 2015. By 2045, nearly a quarter of people in the UK will fall into this age group. The north of England is comparatively ‘older’ than the South. As people live longer, extended working is becoming more common. The rate of early retirement has decreased over the past decade and the ‘effective age of retirement’ (the average age at which people leave the labour market) has increased. More than one in 10 people aged 65 and over are now employed. This reflects the impact of incentives to stay in work and financial penalties for early exit, but also the force of social and ‘identity’ reasons for staying in work. Older workers offer benefits

for employers, including experience, professionalism and high levels of problem solving and interpersonal skills.

- Current retirees are sometimes stereotyped as wealthy and privileged. Certainly some members of the ‘baby boomer’ generation have been able to earn well and acquire strong pensions and assets (including property) on which to rely in retirement. However, this picture obscures considerable inequality within the generation now leaving work; many spent their working lives in low-paid jobs, and women’s pensions are often much poorer than men’s. And ‘tomorrow’s retirees’ may well be poorer than today’s, with rising indebtedness (including student debt), increased rates of insecure work and a harsher property market. Many people due to retire in 2050 or 2060 are already in work. Policies, employment practices and cultural change need to start now to address their needs and encourage early planning for long careers.
- Opportunities to extend working life are *not* equally distributed. Health, including the health of older people, tends to be poorer in deprived communities and among people who have held physically demanding or damaging jobs. And in the north of England, average healthy life expectancy is *below* the SPA. Low-paid and low-skilled workers in physically demanding roles may find themselves caught in a ‘double bind’. Limited opportunities to save and build up assets may mean that they need to keep working, but poor health and the physical impacts of their work may make it difficult to continue in their established jobs, while a lack of qualifications and engagement with lifelong learning may reduce their opportunities to retrain for alternative employment.

RECOMMENDATIONS

We make a set of recommendations for actions by combined authorities and local enterprise partnerships, alongside support from central government and ongoing policies to encourage extended working. The focus here is on ways to make this practical and accessible for people who want and/or need to work up to or beyond the SPA.

- **Key recommendation 1: Take a ‘lifecourse’ approach to policies for extending working lives.** Ageing is cumulative and experiences throughout the lifecourse have an impact on health, outlook, skills and capacity in later life. Therefore we recommend that interventions should be considered *not* as ‘old people’s issues’ but at the points where they are best placed throughout the lifecourse. In this case, the ‘lifecourse’ involves the whole experience of training, work and preparation for retirement.
- **Key recommendation 2: Develop regional generational accounts as the basis for planning and evaluating interventions; in the longer term, use these as the basis for some limited fiscal devolution to support investment in interventions through ‘invest to save’ models.** We propose a system of ‘generational accounting’ based on that proposed in research on ageing for the World Bank. This should be used to plan and evaluate policies.
 - **Recommendation 2a: Commission analysis of local labour market and social trends and their relationship to ageing.** Planning for an ageing workforce should be grounded in a

detailed analysis of local economic and population trends. Central government could incentivise regions that implement effective practice, and in the longer term use this analysis as the basis for an innovative invest to save model.

- **Recommendation 2b: Offer incentives associated with successful actions to extend working lives.** Companies and local authorities that implement policies to extend working lives and achieve outcomes above ‘baseline’ rates should receive incentives, possibly in the form of two-phase ‘development’ and ‘reward’ funding. Central government could incentivise regions that implement effective practice, and in the longer term use this analysis as the basis for an innovative invest to save model.
- **Key recommendation 3: Establish ‘lifecourse work centres’.** Effective policies to extend working lives demand expertise in diverse issues relating to ageing and work, as well as partnerships above the level of the individual workplace to lead on policies and interventions, support businesses and also provide services ‘across’ the local economy such as coordinating opportunities in different businesses. We recommend that local enterprise partnerships, working with other local partners – including business, sectors, trades unions and health authorities – should establish regional ‘lifecourse work centres’ to lead on these activities (similar to those used in other countries). These centres should also coordinate local opportunities for older workers, providing an age-friendly alternative to Jobcentre Plus, and coordinate the ‘voices’ of older workers through comprehensive engagement with the workforce and civil society groups.
 - **Recommendation 3a: Coordinate initiatives to support small- and medium-sized enterprises, particularly in sectors where redeployment opportunities within a single company present challenges.** These should be provided through lifecourse work centres and might include sector-specific advice on human resources (HR) and occupational health issues, training provision, coordination of opportunities for redeployment across companies and even sectors, fora for peer learning and sharing good practice, and awareness-raising.
 - **Recommendation 3b: Provide support for self-employment, including sole trading, and for older entrepreneurs.** Lifecourse work centres should offer ‘one-stop shop’ advice, support and guidance for older people who want to set up a business or become self-employed.
 - **Recommendation 3c: Pilot ‘Work Ability’ approaches in key workplaces and sectors.** The ‘Work Ability’ approach to health and wellbeing in the workplace, where holistically and effectively implemented, is associated with strong recruitment and retention among older workers and may have benefits for younger people in the workforce – which then ‘accumulate’ to help extend working lives. The proposed local labour market analysis would provide a useful ‘map’ of priority areas for possible interventions. Local pilots should be established and evaluated to test the extent to which this kind of initiative can be implemented in the UK context.

- **Recommendation 3d: Establish tailored training and skills development.** Local labour market intelligence should be used to plan and provide opportunities for training and reskilling to facilitate the extension of working lives, either with their established employer or in an alternative position. Financial incentives for employees to engage in training that is relevant to opportunities in the local labour market (for example, interest-free loans or subsidised course fees) and information about retraining should be offered.
- **Recommendation 3e: Encourage HR practice that includes discussion of planning for later career and retirement in early- and mid-career appraisals and reviews, as appropriate for sector and role.** HR departments and staff should receive specialist training in offering advice to workers at different career stages about the elements of later career and retirement planning that are relevant at each stage.
- **Recommendation 3f: Integrate public health interventions into the workplace.** Opportunities to integrate public health approaches into the workplace should be explored. These should include both responses to occupation-specific findings on relationships between health and work, and more general initiatives to support healthy behaviours and lifestyles. Interventions should be linked to observable elements of the working lifecycle, for example, holiday periods and celebrations, regular parts of the working day or week, milestones in the working year of a business and changes such as a move to part-time work. Employees identified as being at risk of health-related cessation or disruption of work should be automatically entitled to specialist support, including advice about options for redeployment and reskilling.
- **Recommendation 3g: Identify and expand intergenerational opportunities in civil society.** Lifecourse work centres should coordinate the gathering of community views and attitudes on ageing and retirement, from people of all ages.

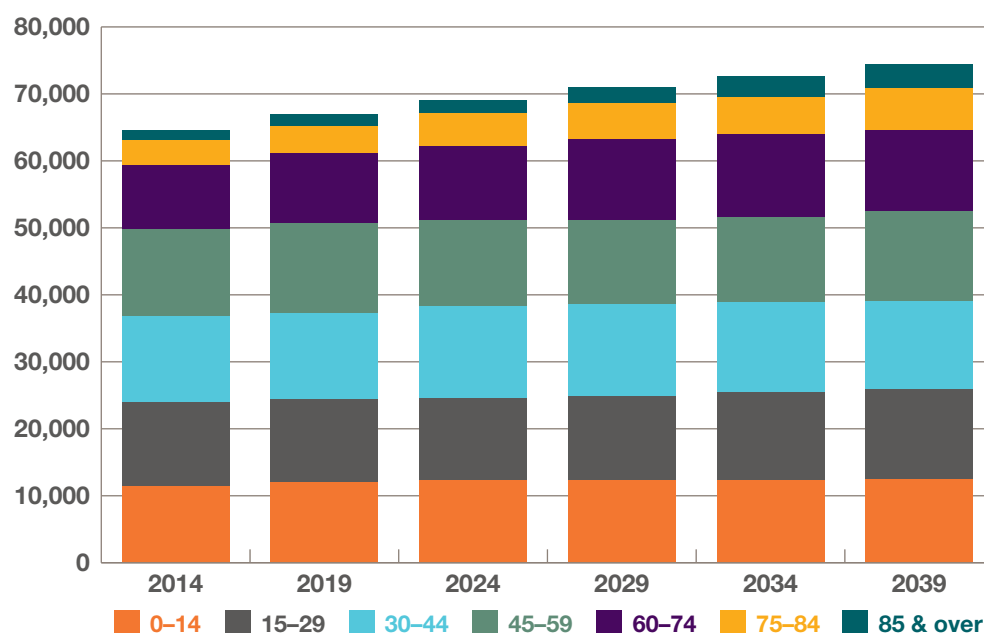
1. AN AGEING POPULATION

1.1 POPULATION TRENDS IN THE UK

Longevity is increasing in the UK, as it is across the developed world. Life expectancy is rising and the structure of the population is changing. In 1975, 14.1 per cent of the population of the UK were aged 65 and over; by 2015, this figure had risen to 17.8 per cent and by 2045, nearly a quarter of people in the UK will fall into this age group (ONS 2017). And more people are living into very old age. The proportion of the population aged 90–99 increased by just over 40 per cent between 2002 and 2014, and the proportion of the population aged 100 and over rose by almost 90 per cent (ONS 2015a). The fastest-growing age group is that of people aged 75 or above (see figure 1.1).

FIGURE 1.1

Projected UK population, percentage of people in each age group, 2014–2039



Source: Office for National Statistics, *National population projections: 2014-based statistical bulletin* (ONS 2015a)

Within England, the age structure of regional populations varies considerably (see figure 1.2). London is by far the ‘youngest’ region, while the South West has the highest number of people aged 65 and over. Among the three northern regions, the North East is ‘older’ than the other two, with proportionately low figures for all groups below the age of 50 and especially for children and young people.

FIGURE 1.2

Projected percentage of the population in each age group in each English region, 2015



Source: Office for National Statistics, *Population estimates: mid-2015*, author's analysis (ONS 2016a)

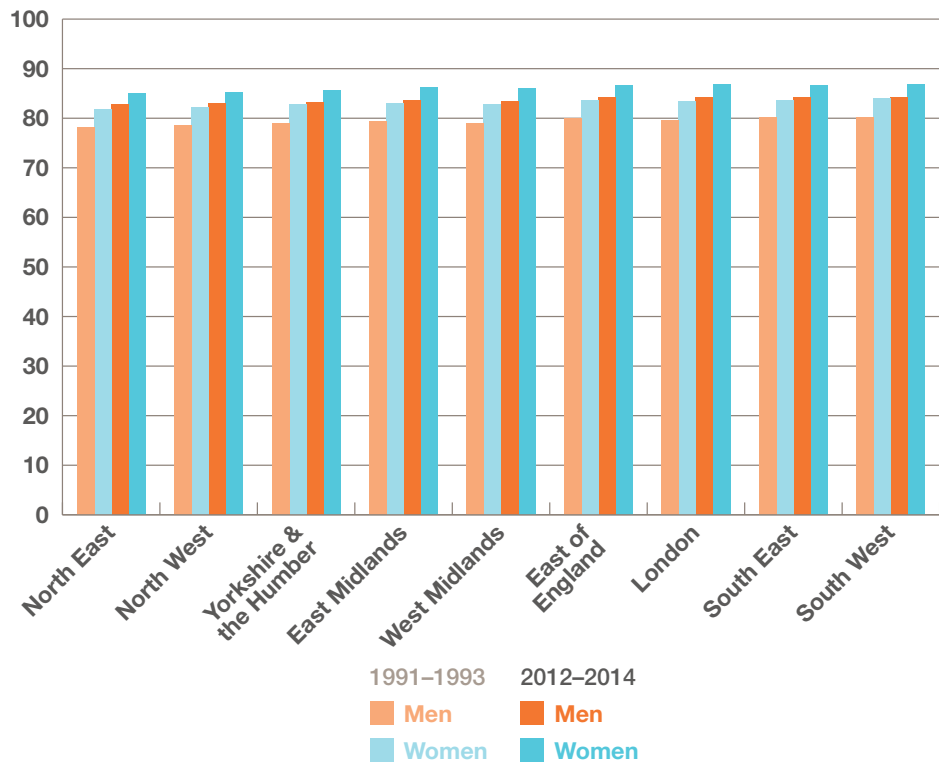
This demographic ageing results from a complex array of factors, principally increasing longevity and declining fertility. Net migration also plays a part: regions with lower net migration tend to have an older profile and *vice versa*.

Longevity has increased in the north of England although average life expectancy remains below the national rate in all three northern regions (see figure 1.3). The North East has the lowest life expectancy at 65 in England and Wales, but has seen the greatest increase since 1991 in male life expectancy (ONS 2015b).

Across the UK, fertility rates fell sharply in the 1960s, following the 'baby boom' after the second world war (see figure 1.4). Then, after steady rates during the 1970s, 1980s and 1990s, they dropped again to a low point in the early 21st century. This led to a smaller working-age population from around 2010 and is expected to continue until approximately 2025. There was a small rise in fertility rates from 2000 to 2010 but this seems to have levelled off, a development whose impact remains to be seen. A potential increase in birth rates associated with migration is projected to result in a stable total fertility rate of around 1.89 (ONS 2008). However, this is still below 2.0, the level needed for full-scale population replacement.

FIGURE 1.3

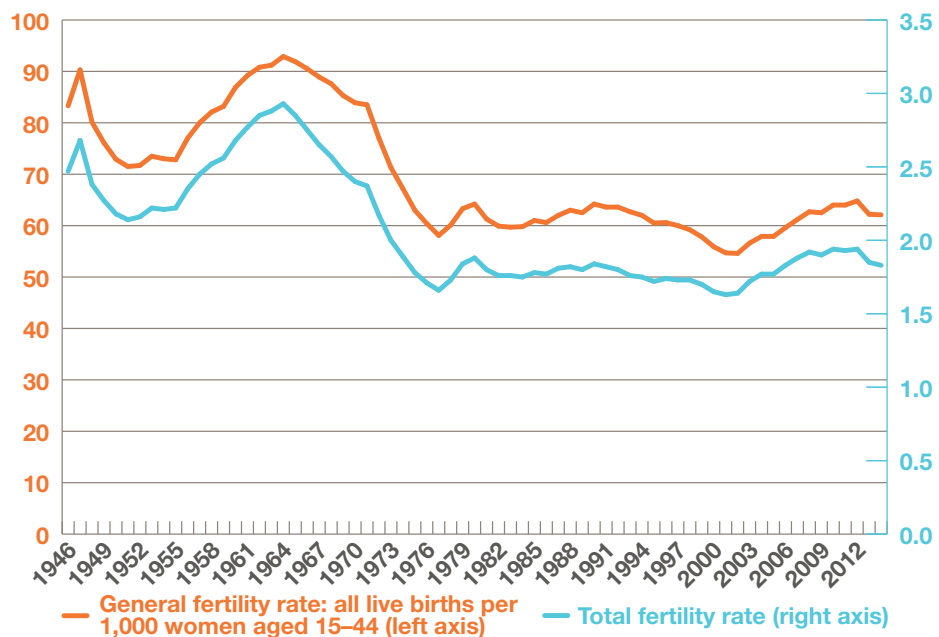
Life expectancy (age) at age 65, English regions, 1991–1993 and 2012–2014



Source: Office for National Statistics, *Life expectancy at birth and at age 65 by local areas in England and Wales: 2012 to 2014* (ONS 2015b)

FIGURE 1.4

Total fertility rate and rate of live births per 1,000 women aged 15–44, England and Wales, 1946–2014

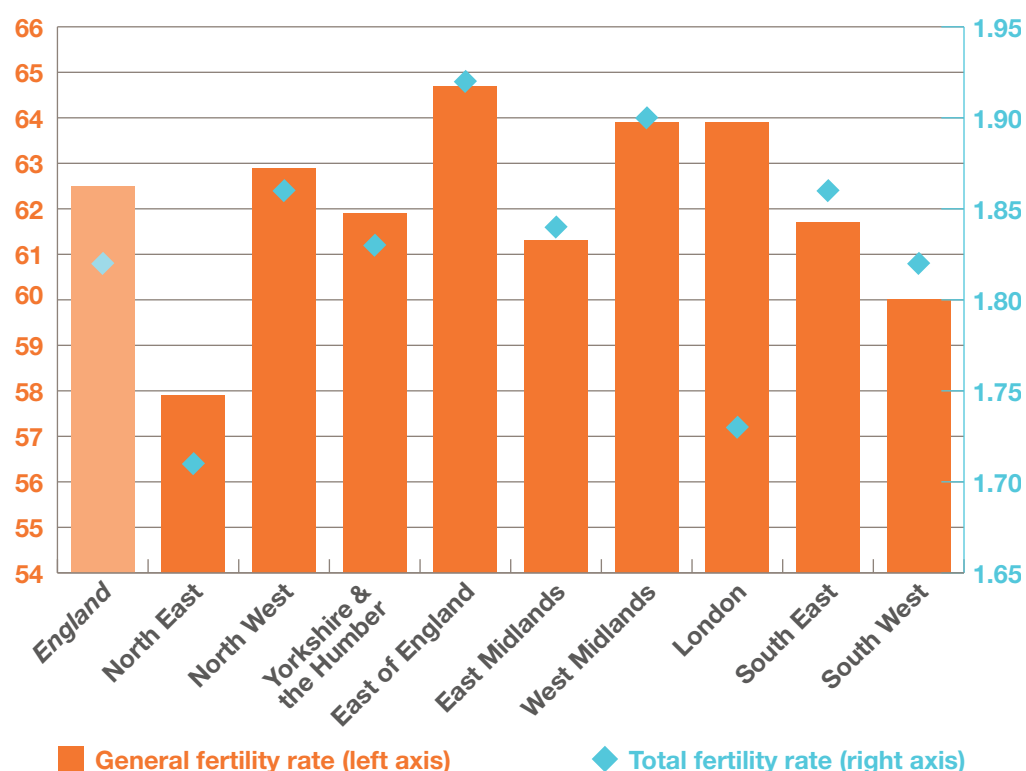


Source: Office for National Statistics, *Births in England and Wales: 2015* (ONS 2016b)

The fertility rates across the North West and Yorkshire and the Humber are very similar to that for England as a whole but in the North East the rate is lower (see figure 1.5). Fertility rates below the replacement level contribute to population ageing, and in the case of the North East may offset the slightly lower level of longevity. In some parts of the region, fertility is even lower still; for example, it stands at 1.53 in Newcastle. This may cause the region to struggle to find a workforce that is sufficient to sustain its economy over the coming years.

FIGURE 1.5

Total fertility rate and rate of live births per 1,000 women aged 15–44 for English regions, 2015

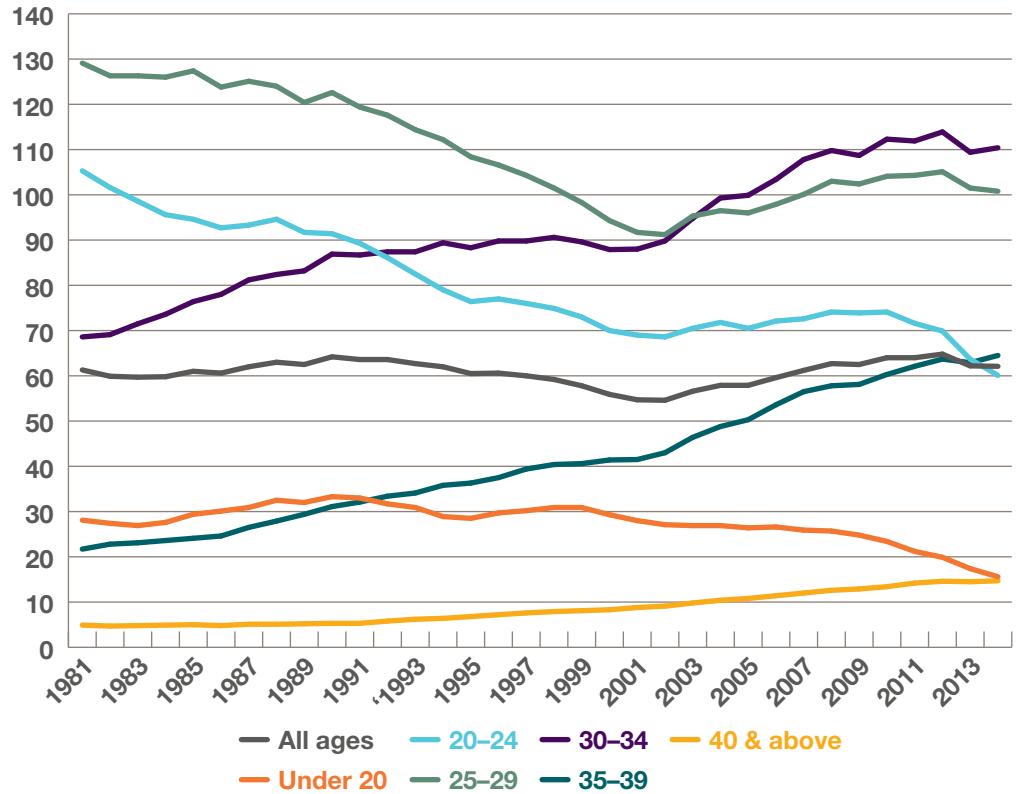


Source: Office for National Statistics, *Births in England and Wales: 2015* (ONS 2016b)

The current trend towards delaying parenthood (see figure 1.6) will have an impact on both birth rates and, potentially, working patterns. In 2015, over half of births were to mothers aged 30 and over; the average age of mothers giving birth was 30.3 years. In the same year, the average age for *first* births was 28.6, and birth rates have risen for women in their 30s and – even more dramatically – 40s. By contrast, birth rates for women in their teens and 20s are falling. Meanwhile, older fatherhood, always more common than older motherhood, is also on the rise; in 2015, 68 per cent of babies born had a father aged 30 and over (all figures from ONS 2016c). These changes may not only contribute to lower overall numbers of children, but could also increase the number of parents in their 50s or even 60s with dependent children living at home and attendant demands on household income – and on the need to stay in good-quality work.

FIGURE 1.6

Number of births per 1,000 women by age group, England and Wales, 1982–2014



Source: Office for National Statistics, *Births by parent's characteristics in England and Wales: 2015* (ONS 2016c)

Research suggests that changes in population age structure resulting from fertility trends are often temporary, while those attributable primarily to greater longevity are permanent (Bussolo et al 2015: 112). Lower fertility also means that a higher 'old age dependency ratio' (see section 2.1) is accompanied by lower youth dependency. To some extent these factors will offset the impact of demographic ageing, and alongside behavioural changes may mitigate its social and fiscal consequences (Bloom et al 2008).

1.2 AGEING, WORK AND RETIREMENT

What is age? In the most basic terms, it is the number of years that a person has lived between their birth and the point of counting. So age is both a number, and also the accumulation of what a person has experienced in reaching that number.

Most cultures subdivide age into periods that are marked formally and informally, for example through 'coming of age' ceremonies, celebrating 'significant' birthdays and expectations about what is 'normal' or exceptional at a particular age (entering and leaving education and work, marrying, having children, retiring, dying). Age categories are also signalled in other ways, for example through powerful but often tacit 'rules' about the kinds of ideas, behaviours, speech, dress and

so on that are 'appropriate' at different ages, and the extent to which it is acceptable to transgress from these norms. Such 'rules' are highly culturally specific.

As the proportion of older people in our society increases, 'extreme' old age becomes more common, and more people live longer in better health (Grenier 2012), perceptions of age, ageing and older people will inevitably shift. Much of the literature discussed here defines an 'older worker' as someone aged 50 or above, and this bracketing is fairly commonly used to identify 'older people' in general. But most of the content of this report demonstrates the problems with this categorisation and the need to find a new way to talk about ageing. Many 50-year-olds (and even 60-year-olds) now lead lives very different from those of their grandparents, and more similar to those of their children – or at least their younger selves. And many do not consider themselves 'old' or behave in ways that match corresponding stereotypes.

In addition, the '50 and over' definition creates an absurdly large category, potentially lumping together the experiences of people aged from 50 to 90 or older. Would anyone realistically suggest that a toddler and a person of 40 be bracketed together, or that both could usefully be described as 'young' (or 'middle-aged')? Yet the range involved is the same. Demey et al (2011) helpfully define the period aged 45–65 as 'midlife', a more accurate reflection of modern lifespans and behaviours in developed nations.

If someone becomes 'old' at a particular age, then 'old' will start to look different when large numbers of people aged, say, 60 are in good physical condition and enthusiastically engaging with the attitudes and activities of people younger than they are, including work. Alternatively, if 'old' refers to the late stage of life then the 'number' at which it starts must shift upwards. At present, the application of the term 'old' is fluid and problematic. It is used to refer both to a particular age and also to a kind of life that simply isn't lived by many people at that age. This matters because confusion over the term muddies debates about how to respond to increasing longevity, even within the policy community.

This is further complicated by an inevitable layer of emotion. We are all ageing and we experience ageing in highly personal and resonant contexts, most immediately through changes in our own lives and within our families. This makes it hard to address the topic neutrally and to bring together people with widely differing experiences of ageing. Those who embrace their own ageing may willingly address the issues of people older than them ('that will be me one day'); those who fear it may do so much less willingly ('I don't want that to be me'). Some people may reach 60 and yearn for the lives their parents lived at that age, while others eagerly share the lives of their younger peers.

And despite legislative changes, age discrimination and prejudice prove dispiritingly long-lived. Stereotypes of ageing are often negative, while jokes about the menopause, dementia and changes in appearance are still far more acceptable than jokes about disability, race or religion. Even harmless portrayals of age can inhibit a shift in attitudes; how often are documents about extending working lives for people aged 50–65 illustrated

with pictures of 70-year-olds – perhaps because ‘real’ 50-somethings do not look old enough? An increase in opportunities for young people and greater valuing of their voices is to be celebrated, but it can easily reinforce a view that those of older people *must* necessarily be old-fashioned or *passé* – unless those older people have the decency to stick to ‘older people’s issues’. For older women whose backgrounds did *not* bring access to education, high-status work and social confidence, there is a double blow if they are told to ‘move aside’ from privileges that they never got to enjoy. Age *does* have many positives, and as more people in their 60s, 70s and beyond become engaged on an equal basis in a wide range of social and professional activities, these may become more established as part of our understanding of older lives. Noting that in one study over 60 per cent of people aged 75 and over said that they ‘did not feel “old”’, Marmot offered an optimistic vision:

‘What if the word “old” conjured up images of not frailty, decrepitude and dependence but the wisdom of Cicero, the wit of Woody Allen, the sparkle of a mischievous grandparent, the love that only grandparents can have for their grandchildren and vice versa? With this in mind we would lament that only 40 per cent of seventy-five-year-olds felt old – sparkling, witty, wise, mischievous and loving to their grandchildren – rather than rejoice that 60 per cent do not feel old... I am not sure which comes first, change of culture or change of laws and regulations. Clearly we need both when it comes to ageing populations.’

Marmot 2015: 226–227

Our cultural attitudes to ageing need to change alongside policies for older workers. Many people are doing things in their 50s, 60s and even 70s that used to be the preserve of 30- and 40-somethings – and that includes work. The relationship between age and retirement is a key area of change. Early retirement has become less common, for a variety of reasons (ONS 2016d, see also sections 2.3.3 and 4.1), including the abandonment of policies that incentivised it. For many, the longer period in retirement associated with increased longevity will be attractive, offering more leisure or family time, or a chance to pursue lifelong or new interests. For others, retirement may bring a fall in living standards, social isolation or a loss of the status and identity associated with work. With the abolition of the ‘default retirement age’, workers can no longer (normally) be required to retire because they have reached 60 or 65. But the long history of the default retirement age means that concepts and expectations of ‘retirement’ need to catch up.

Systems for funding retirement also need updating to reflect these changes. Across the developed world, there is concern over the ability of state and private pension systems to provide a decent living standard for people in old age. Across the EU, public spending on pensions could potentially remain relatively stable through a combination of policies to encourage delayed retirement (until or beyond the SPA) and a rising ‘effective age of retirement’ as a result of these and wider cultural shifts (European Commission 2015a, 2015b). However, this depends on a strong continuing trend of extended working, and also on behavioural

changes such as additional saving and asset accumulation by some groups, especially the better-off. Overall,

‘Pension systems across the EU do offer opportunities for earning a sufficient and secure income for a long retirement period. However, these opportunities are linked to one’s employability and chances of finding and holding a job of good quality.’

European Commission 2015a: 3

In the UK, the latest spending projections from the Office for Budget Responsibility indicate a rise of annual spending on state pensions, from 5.2 per cent of Gross Domestic Product (GDP) in 2016/17 to 6.2 per cent in 2036/37 (Cridland 2017). As state provision becomes more expensive, individuals are urged to make a bigger contribution to funding their own retirement, but arguably various aspects of personal finance (pensions and other savings, asset accumulation, borrowing) have *not* kept pace with this need (see section 2.4), which makes opportunities to continue in work even more important. As populations age, societies need to manage the balance between working-age taxpayers and people who are no longer earning and ‘paying in’.

A recent review (Cridland 2017) examined projections of life expectancy and the proportion of adult life likely to be spent in retirement. On this basis, its recommendations include raising the SPA to age 68 over the period 2037 to 2039, with no further increases before 2047. This recommendation is accompanied by proposed measures to ‘smooth the transition’, including support for people who may find it difficult to remain in work, such as carers and those in ill-health or with disabilities, new roles for older workers, and a ‘mid-life MOT’ to provide workers with advice on how to prepare for extended working (Cridland 2017).

1.3 AGEING, FAIRNESS AND IDENTITY

1.3.1 Access to work across the older population

Increasing longevity and fuller lives for older people are to be celebrated. But health, resources (such as skills) and opportunities to keep working are not evenly distributed across the population, across sectors and kinds of business or across geographical regions. And the accumulation of experiences, such as long periods spent in work, which can take a toll on physical or mental health, and living with poverty or deprivation, means that inequalities increase along with age (see sections 1.4 and 2.3). Pension age cannot be separated from working conditions and cultures and the health and other characteristics of workers, as well as employer attitudes and practice (OECD 2006). Consider the following cases.

- Alex, aged 60, is in good physical and mental health, with a job that makes minimal physical demands and has not taken a toll on the body. Alex’s family do not need care and can pay for it if they do. Alex has high ‘job control’ and is confident about requesting adjustments to working hours, role or environment.
- Chris, aged 60, began to experience declining health 10 years ago, partly because of material deprivation. Chris’s job is very physical and over the years has led to several specific bodily stresses and even injuries. One of Chris’s close family members is seriously ill

and has limited resources to pay for their care; Chris is expected to help out. Chris has limited 'job control', believes that work will be unsympathetic to personal circumstances, and has little confidence to request adjustments at work.

In addition, jobs like Alex's are likely to bring relatively high status and pay, meaning that such employees may have less financial *need* to keep working; however, their social, personal and psychological need to do so may be strong. On the other hand, workers like Chris may find it hard to continue in employment for health and personal reasons. This is a double blow if a lifetime of low-paid and low-status work has left them with low savings and few assets, poor qualifications and no history of engagement with lifelong learning to help them reskill. And Chris too may have powerful social, personal and psychological motivation to remain in work, as well as needing the money.

These are extreme cases, but at least some of these factors will affect many people in the workforce. And both Chris and Alex deserve the opportunity to continue in work if they need and want to do so. Both are vulnerable to age discrimination. And if Chris is a woman, she may have fewer pensionable years (and a potentially longer but less healthy lifespan, see section 3.2), to say nothing of greater expectations that she will take on informal care and an even more toxic set of age-related stereotypes.

Nazroo (2015a) notes that policy designed to reduce inequalities among children and young people is widespread, but very little policy aims to do the same thing for older people. Children and young people may well be seen as a 'better investment' because they have longer to make the best use of opportunities created, but it could also be argued that provision for older people represents 'payback' for contributions made in jobs that did not bring much individual financial reward – even if they were socially and economically useful. Might redistribution for older people prove unpopular because any misfortunes they suffer are seen partly as a result of their own actions, abilities or choices? Or because *actual* (rather than average) longevity still varies greatly, and someone who dies at the age of 67 misses out on what could be enjoyed by someone who lives to 97?

Any changes that are perceived as 'penalising' or even treating less favourably people in retirement who have made substantial pension or savings provision or accumulated property wealth receive immediate and widespread condemnation in public discourse and the media (Macnicol 2015). However, it is possible for a person to have 'worked hard all their life' in some types of occupation and had access only to modest wages and limited opportunities to save or acquire assets. For the current cohort of pensioners, earlier rules over the transfer of pensions to a spouse means that many women are in this position, which compounds years lost from earnings while caring for children.

These are interesting questions that will become more important over the next few years. But in the case of extended working, the benefits clearly go beyond workers themselves and accrue more widely, for example to public finances and to business. Spending on pensions needs to remain manageable for an ageing population. Employers can

retain valuable workers in the face of skills shortages and falling birth rates, reduce recruitment costs and access skillsets that are valuable in an ageing society (see chapter 5). And communities and families will benefit if more people can avoid loneliness and isolation by continuing to work. There may also be reduced costs for public services and improved quality of life as a result of interventions around health that have an impact on younger workers as well (see sections 3.3, 3.4 and 5.4.1).

This report concentrates on ways to support workers to extend their working lives and make access to extended working more equal. But for some it will not be practical to work up to or beyond the SPA, even with comprehensive adjustments and support in the workplace. Health conditions and personal circumstances may still leave retirement as the only practical option. To put it another way, older people should be able to access work that is suitable for their level of physical, mental and social capacity. They should not be ‘pushed out’ of work (even if they need to change jobs) by inflexible systems, physical illness or discrimination, but nor should they be pushed into poverty if it is no longer practical for them to work. As we adjust our approaches to age and working, we also need to make sure that older people who cannot work are able to live decently – in both social and financial terms.

1.3.2 ‘Intergenerational fairness’

A dominant strand in the discussion of ageing is what Corlett (2017: 6) calls ‘the unhelpful perception of a zero-sum “generation war”, in which the flat or falling incomes faced by many working-age households are viewed as the direct product of the gains made by individual pensioners’. This is often expressed through criticism of specific generations, in particular the ‘baby boomers’.¹ Some high-profile writers (for example, Willetts 2010) argue that this generation enjoyed buoyant labour markets, easy access to owning property and generous welfare systems *at the expense of* future generations. Others write in dramatic terms of intergenerational conflict as ‘the battle of our time’ (for example, Goodhart et al 2015).²

However, this argument is ‘clearly wrong’ (Corlett 2017: 6) for a number of reasons. Headline pensioner income growth does not track income growth for individual pensioner households, not least because each year’s cohort of pensioners is made up of *different people* (Corlett 2017, see section 1.3.3), and to a large extent the pattern of healthy *average* pensioner incomes alongside poorer prospects for younger people are the results of parallel rather than distributional policies (Corlett 2017).

1 Corlett (2017) defines the ‘baby boom’ generation as that born between 1946 and 1965, with Generation X spanning births between 1966 and 1980. An alternative definition (Howe and Strauss 1993) is based on cultural and social change rather than fertility rates, and dates the ‘baby boom’ as starting in 1961. This approach is more relevant to the issues addressed here. Those born from the early 1980s form the ‘millennial’ generation (Howe and Strauss 2000), which ‘come[s] of age by year 2000 or later and live[s] as adults in the new millennium’ (Kundanis 2003). Generational definitions rely on the idea that common experiences during the formative years of life to some extent create ‘a society-wide peer group... who collectively possess a common persona’ (Howe and Strauss 2000: 40). The beginning and end years of a generation and its length are not fixed, but the period over which generation members are born is ‘roughly the same length as the passage from youth to adulthood’ in the relevant society. Generations are defined by the ‘coming-of-age experiences’ shared by their members and historical context (Howe and Strauss 2000: 40).

2 The approach of blaming a generation is not new; for example, Ortnor (1998) examined narratives of ‘blame’ for social ills as these were applied to the baby boomers, Generation X and the parents of Generation X (elsewhere called the ‘silent generation’).

Even more important is inequality *within* generations. This is where the portrayal of one whole *generation* as ‘wealthy’ or otherwise breaks down; within any age group, income, assets, resources and opportunities vary enormously and cannot be meaningfully explained in terms of age alone. The portrayal of the baby boomer generation is itself highly ‘contradictory’ (Ortner 1998).

What does appear to be the case is that ‘Generation X are so far the most unequal generation ever for their age, at least after housing costs’ (Corlett 2017: 15). This may be partly because the generation’s youngest members will have started to climb the property ladder in the early years of the 21st century and experience some of the same pressures in acquiring property as those felt by ‘millennials’.

The working lives of many baby boomers covered a period when a ‘job for life’, with the attendant opportunities for stability and saving, was a reasonable expectation for many workers and salary progression was relatively common. It was easier to buy property at the life stage when most did so, facilitating home ownership and the likelihood of paying off a mortgage well before retirement. And those who participated in higher education will frequently have received a full maintenance and tuition fees grant. They also tended to have their families at a younger age (see section 1.1), and thus to have reduced the expenditure associated with dependent children well before retirement. The impact of this latter factor was noted by Dini (2009), who found that employment rates for men aged over 50 were substantially higher when they lived in a household with one or more dependent children.

However, these experiences were by no means universal among baby boomers and the ‘generational conflict’ narrative is challenged by writers such as Burnett (2010) and Macnicol (2015). Burnett stresses the internal complexity of the baby boomer generation, noting that different cohorts within it lived through periods of considerably lower advantage and prosperity and that there is substantial and stark inequality within the generation. Many baby boomers from disadvantaged socioeconomic, ethnic and regional groups have *never* enjoyed the financial and property wealth associated with the stereotype of their generation, and gaps persist into retirement and old age. In addition, for much of the period during which this group made up the bulk of the workforce, opportunities for women were severely limited and women’s pension arrangements disadvantageous (Macnicol 2015). Yet many accounts in popular discourse focus on affluent ageing baby boomers and not the large group who live in income poverty. Maybe that is not surprising; the former, after all, are more likely to be the people, or the families of the people, in jobs that involve writing reports and articles, or forming policy.

This narrative also overlooks the importance of informal intergenerational transfers – financial, material and experiential – especially within the family (Jerrome 1996, Foner 2000, see also section 2.3.2). These transfers are shaped by convention, perceptions of need, intimacy and the desire to reproduce hyper-local and personally valued cultures and experiences. Potential ‘conflicts’ between the old and the young may be mitigated by acts of generosity whose form and scale are determined by family resources (Jerrome 1996: 104), as well as by the simple fact

that the older people we know best are mostly in similar circumstances to our own. It is hard to feel outraged against one's own parents and grandparents, especially if they experience inequalities in very similar ways to oneself. It is easier to be angry about clear material and social inequalities in one's own age group.

1.3.3 Ageing and identity – age is not just a number

Age is sometimes treated as if it is like the other characteristics managed through equalities legislation, such as gender, ethnicity or sexual orientation. But of course it isn't. These categories are *relatively* stable over time, while age is progressive and cumulative. Another reason why the 'intergenerational war' has not materialised is that older people aren't just your nearest and dearest; if all goes well, they are you.

Generational definitions are seductive, and they can be helpful in characterising the broadest common experiences of people born in the same period. The 'greatest' and 'forgotten' generations, Generation X, millennials and of course the poorly maligned baby boomers have some key shared experiences, for example their distinctive relationships with patterns of working and with the housing market. These distinctions, however, are useful only at a high level of generalisation and their over-application masks the vast complexity within generations.

Part of the accumulation that takes place as people age involves immersion in distinctive cultural, social and personal experiences. So distinctions rooted in social diversity along dimensions such as social class and resources, gender, ethnicity, sexuality and place may be *even* more ingrained for older than younger people. Growing old brings more time to live with discrimination or privilege, to accumulate social or material capital or do without them, and to practise identity work, including professional identity work.

1.4 FROM AGEING TO THE LIFECOURSE

Nazroo (2015b) suggests that the experiences of older people around key 'transitions' such as retirement, bereavement or the diagnosis of a medical condition do not constitute 'simple' categories. Rather, they are experienced in ways that reflect not only cultural expectations and beliefs but also access to resources which shape the nature of these 'events'. And this cultural and material context is built up throughout the lifecourse, with early experiences of social class and education playing an important part alongside the social, employment and financial circumstances surrounding retirement itself (Nazroo 2015b: 16). Macnicol (2015: 142) also points out the limitations of an approach that depends on an 'instantaneous, cross-sectional view of resource allocation between age groups' rather than a lifecycle perspective.

As a result, the resources on which older people can draw to shape a 'good' experience of work late in life, or a good experience of retirement, depend on their access to material and personal resources for a period of years or even decades before they reach the SPA. Policies for ageing should reflect this. In practical terms, that means designing interventions to support ageing at the most appropriate stage in the lifecourse which shapes that ageing. This may be within an 'older' phase, but it

could be much earlier. The project of extending working lives needs to address the *whole* of the working lifecourse, with new kinds of career planning, expectations of work, engagement with skills and training, and empowerment to take control of one's own economic participation.

2. THE ‘GENERATIONAL ECONOMY’

2.1 AGEING AND THE ECONOMY

Writers on demographic ageing sometimes frame it primarily as a problem, or even as a ‘crisis’, ‘crunch’ or ‘timebomb’, that demands equally dramatic responses. For example, many publications in the 1990s (for example, World Bank 1994) proposed a radical shift: the *replacement* of social insurance schemes by ‘mandatory savings’ to ‘avert... the old age crisis’.³ Reviewing this literature, Harper (2006) identifies pervasive ‘problem laden scenarios’ such as the ‘collapse’ of health services and of economies over-burdened by a ballooning dependency ratio, and social tensions between younger and older people inside and outside families (Harper 2006: 1–2). However, while acknowledging the undoubted impact of population ageing, she describes such apocalyptic scenarios as ‘myths’ and argues instead that, while ageing brings substantial challenges, the real difficulties lie in the established cultural and economic structures within which people age. These include:

‘...the wider effects of income, lifestyle characteristics and new technology... [and] labour markets which have used retirement as a regulating mechanism in times of labour over-supply and pension systems which have allowed healthy active individuals to withdraw from economic activity.’

Harper 2006: 2

Potentially, all of these can be reshaped by bold and comprehensive policy responses, including measures to extend working lives, reforms to social security, challenging age discrimination, and reworking public health provision and healthcare (Harper 2006).

But in the short term at least, the costs of ageing are substantial. In its 2017 *Fiscal sustainability report*, the Office for Budget Responsibility cites ‘upward pressures on key items of age-related spending’ (OBR 2017: 7) as drivers for a projected rise in public spending other than on debt interest:

‘...from 35.8 per cent of GDP at the end of our medium-term forecast in 2021-22, to 43.8 per cent of GDP by 2066-67... an overall increase of 8.0 per cent of GDP – equivalent to £156 billion in today’s terms.’

OBR 2017: 7

³ The World Bank 1994 document, like many later ones, advocated the use of a ‘multi-pillar’ approach to financial support for retired people, recognising differences in individual and national circumstances.

Age-related spending includes some age-specific costs, such as state pensions and associated welfare (Schwartz and Arias 2014) and social care for older people. Some estimates suggest that spending on the latter could increase to between 1.5 per cent and 2.5 per cent of GDP by 2061, compared with 1.1 per cent in 2016, or between £276 and £1,491 per capita on the higher projection (Appleby 2013). Health costs also increase significantly as populations age (Colombo et al 2011, Geerts et al 2012, AgeUK 2014, European Commission 2015b). Spending on pensions and health currently accounts for around a third of general revenues in developed countries, but current population trends could boost this to around 40 per cent, with a projected figure of 39 per cent for the UK by 2050 (Bogetic et al 2015). However, as noted above, a shift in retirement trends – which may already be under way – would mean that pension provision accounts for a relatively small part of this:

‘Looking at the components of strictly age-related expenditure, the increase between 2013 and 2060 is mostly driven by health care and long-term care spending, which combined is projected to rise by about 2 pp. of GDP [across the EU]... after a projected increase up to 2040... public pension expenditure is projected to return close to its 2013 level... however the projected decline in pension spending is mostly in the visible latter part of the projection horizon.’

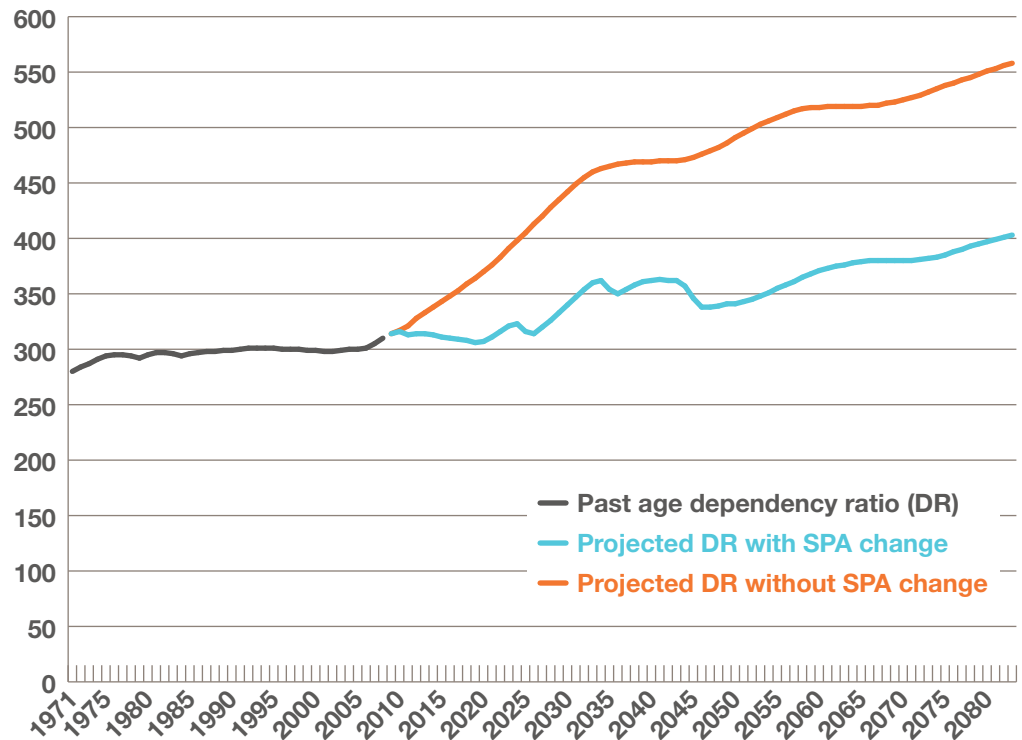
European Commission 2015b: 4, author’s emphasis

However, the UK is not among the countries in which a reduction of public pension spending as a share of GDP is projected (European Commission 2015b). Current projections suggest that annual spending on the state pension is set to rise from 5.2 per cent of GDP in 2016/17 to 6.2 per cent in 2036/37; this represents an increase of almost 20 per cent (Cridland 2017).

As well as direct costs of ageing, a rise in the ‘old age dependency ratio’ could put pressure on public finances (DWP 2017). The old age dependency ratio is the ratio of people of working age to those of SPA or above, and it is often used to represent the relationship between the number of people who are in a position to meet their living costs through earnings and to contribute to national budgets through taxation and those that aren’t. Figure 2.1 shows the actual and projected old age dependency ratios for the UK, along with scenarios for an unchanged SPA and for proposed reforms. With no increase in the SPA, the old age dependency ratio is likely to reach almost 500 by 2051 (ONS 2010).

FIGURE 2.1

Old age dependency ratios for the UK, actual and projected, 1971–2081



Source: Office for National Statistics, *Pension trends* (ONS 2010)

However, the notion of the ‘old age dependency ratio’ itself is problematic (see Spijker and MacInnes 2013, Cridland 2017). For example, the relative size of the groups of older and younger people do not reflect actual dependency. Some working-age people who are not in employment receive taxpayer-funded state support, as do children. An increasing number of older people work and pay taxes, and many (as noted below) contribute to the economy through activities such as volunteering and unpaid care. And this approach does not take account of other developments that take place in the economy over time, such as changes in productivity (ONS 2013a). A more useful calculation would take into account increasing healthy life expectancy on the one hand, and economic inactivity among people of working age on the other. On this basis:

‘...when measured using remaining life expectancy, old age dependency turns out to have fallen substantially in the UK and elsewhere over recent decades and is likely to stabilise in the UK close to its current level.’

Spijker and MacInnes 2013

If trends towards increased economic activity among older people continue, ‘and if the change in behaviour can be reinforced or even accelerated, there is no reason to believe that the sheer number of inactive people will overwhelm those who are working’ (Bussolo et al 2015: 136). This does depend on the maintenance of good health among younger people, continuing opportunities for older

workers and possibly other changes such as increased migration (Muszynska and Rau 2012). Macnicol (2015: 86) argues that the ‘difficult demographic pressures to be faced by the UK over the next thirty years’ are no greater than the other economic challenges around debt, housing and inequalities. He suggests that current demographic ageing relates more to earlier large birth cohorts reaching old age and immigration among young people of childbearing age than to ‘dramatic’ increases in longevity, and that the challenge is of political will rather than of ageing *per se*. If that is the case, we need to find ways to motivate the necessary political will and social change.

2.2 DO OLDER WORKERS ‘PUSH OUT’ YOUNGER ONES?

One argument that is sometimes advanced *against* the widespread extension of working lives is based on the notion that it will make it harder for younger people to advance in their careers, or even contribute to higher youth unemployment. Several countries, including the UK, have a history of policies designed to encourage early retirement with the explicit aim of reducing youth unemployment. The Job Replacement Scheme of the 1970s and 1980s was aimed primarily at low-paid workers, highlighting the assumption that younger and older workers essentially operate as ‘substitutes’ for one another, and would do essentially the same job (Banks et al 2010).

The view that older workers ‘block’ routes into work for younger ones assumes that there is only so much work to go around at any one time in an economy (a position sometimes characterised as the ‘lump of labour’ fallacy), particularly in times of economic stress. However, recent large-scale analyses of national data over long timescales have examined relationships between the increasing trend for extended working and rates of youth unemployment, with the consistent finding that there is no evidence to support the idea that older workers push out younger ones (for example, National Research Council 2012). Overall:

‘...the evidence suggests that greater employment of older persons leads to better outcomes for the young – reduced unemployment, increased employment, and a higher wage. The patterns are consistent for both men and women and for groups with different levels of education... the effects of older worker employment on other segments of the labour market during the Great Recession do not differ from those during typical business cycles... the lump of labour theory needs to be put to rest. The theory may sound plausible but the data do not support it.’

Munnell and Wu 2012: 5

International studies suggest that this holds true across the Organisation for Economic Co-operation and Development (OECD) (Kalwij et al 2010, OECD 2013, George et al 2015) and the EU (Jousten et al 2010, Eichhorst et al 2014), as well as in the UK over a variety of economic and policy cycles, including the implementation and abandonment of the Job Replacement Scheme (Banks et al 2010, DWP 2017). Trends in the employment of older and younger workers are more closely associated with personal factors such as experience, jobseeking behaviours, qualifications and demographics, and

the patterns observed do *not* all favour the older group (Leighton and Mincer 2010). Altmann (2015) suggests that if all workers continued in employment for an additional three years, this would increase GDP by 3.25 per cent, or £55 billion, by 2033.

The ‘lump of labour’ fallacy, when applied to older workers, is sometimes described as an issue of ‘intergenerational fairness’, based on an assumption that older people have ‘had their chance’ and by insisting on remaining in employment are creating an unfairness for younger people. This framing sits a little too comfortably alongside the ‘privileged baby boomers’ narrative. In fact, if there is an unfairness for groups of workers whose labour could realistically substitute for one another at the ages of 20 and 60, it is more likely to relate to how poorly qualified, poorly paid, low-status and low-control workers of *any* age are treated than to the privileged status of older people in routine or semi-routine employment. ‘Intergenerational fairness’ is rarely applied to the situation of doctors or managers, unsurprisingly; it is far harder to apply the substitution argument in these cases.

2.3 ECONOMIC BEHAVIOURS OVER THE LIFECOURSE

2.3.1 The ‘generational economy’ model

Rather than considering the economic relationships between generations at any one time, Lee and Mason (2011) propose an approach that considers economic behaviours across the lifecourse. Their model of the ‘generational economy’ captures systematic variations of economic behaviour associated with particular ages and life stages. Its components are:

- the social institutions and economic mechanisms used by different age groups or generations to **produce, consume, share or save** resources
- economic flows between generations or age groups that are associated with their generational or age group differences
- contracts – explicit or implicit – that govern and shape these intergenerational flows
- the intergenerational distribution of income or consumption that results from these factors and their interactions (adapted from Lee and Mason 2011: 7).

In a ‘standard’ lifecourse across most cultures, periods in childhood and old age (during which people generally consume more than they produce) are balanced by a middle period during which they generally produce more than they consume (Lee and Mason 2011: 7). Sharing and saving take place both formally and informally. The most important formal sharing activity is usually paying tax; taxpayers share the task of funding education, health and pensions, which are used primarily by people who are not earning. Privately, they may also provide for their children and their own parents, volunteer or offer unpaid care. People use savings to fund a ‘lifecycle deficit’ (see below) by accumulating assets while in work through mechanisms such as pensions, but also through personal savings and purchases (for example, a house on which the mortgage is paid in full is effectively a saved asset for retirement). Levels of labour income determine the extent to which sharing and saving are practical; asset income may fill some of the gaps (Lee and Mason 2011: 7).

Instead of an age dependency ratio, Lee and Mason (2011) introduced the notion of a 'lifecycle deficit' – the gap, over the lifecourse, between consumption and labour income, or 'between what the young and the old consume and what they produce through their labour' (Lee and Mason 2011: 64). In this model, older or younger citizens are *not* necessarily dependent. The former may fund retirement by accumulating assets that are of greater value than current consumption during the working life, and the latter may borrow against future earnings. But where a lifecycle deficit is observed, this effectively measures 'demand' for reallocations between age groups, including both transfers and asset-based reallocations. These may be mediated publicly by the government, or privately by families, civil institutions and businesses (Lee and Mason 2011: 64).

The precise structure of the generational economy and the distribution of a 'normal' lifecycle deficit across the lifespan are strongly related to both policies and cultures in different nations (Bravo and Holz 2011, Sambt and Malacic 2011, Vaitinen and Vanne 2011). Such structures may change over time and through both the intended and unintended consequences of policies (see, for example, Lee et al 2011, Racelis and Ian Salas 2011). Lee and Mason (2011) suggested that this modelling of generationally determined economic behaviours allows their integration into national accounts, and as a result facilitates improved modelling of the potential impacts of an ageing population.

Applying the idea of the lifecycle to transfers between generations acknowledges that, in general, people will make different contributions at different points in their lives. It also accommodates the possibility of very different kinds of lifecourse within one generation, and of distinctive generational economies within one country. Local labour markets, cultures, family structures and demographic trends such as the mix of socioeconomic classes and ethnic groups will influence the ways in which national policies on pensions and other age-related transfers play out differently in different regions. Detailed examination of regional intergenerational transfers and their contexts would offer a useful basis for the development of devolved policies to support the extension of working lives in local areas. In particular, exploration of the relationship between health issues and local labour markets (see section 3.5) and between ageing and socioeconomic inequality could be considered at this level.

2.3.2 Producing and sharing by older people: care, volunteering and transfers

Older people who are *not* in work may still be productive and may actively share their resources (Cook 2011, Park et al 2014). The value of formal and informal volunteering by people at or above retirement age is considerable, amounting to several billion pounds annually (Cox et al 2014); in London alone, volunteers added value of around £0.8 billion in 2012 (Barrett 2013). Charitable and family donations – or 'sharing' – by older people are also in the billions (WRVS 2011).

Older people are highly productive as informal and unpaid caregivers (Young et al 2006); in 2011, 15 per cent of older people provided care for a relative or friend, with 5 per cent doing so for 50 or more hours each week (ONS 2013b). Women aged 50–64 were the most likely group to act

as unpaid carers, with almost a quarter taking on this role in 2015 (ONS 2013c). Spouses are the fastest-growing group of informal care providers (Hoff 2015), with population ageing leading to substantial increases in the provision of informal care for a husband, wife or partner (Pickard et al 2007).

The exact economic value of this 'production' is unknown, but it is likely to be substantial. Barrett (2013) found that in London the economic contribution through informal care per older caregiver was around £14,600 annually, amounting to a total of £4.6 billion. Across the UK all unpaid care was valued at around £119 annually in 2011 (Buckner and Yeandle 2011), of which older people may contribute around £34 billion (Cox et al 2014). Unpaid care is particularly common in the north of England and in deprived households (Young et al 2006). Older people may often provide care for those who otherwise could depend heavily on state-funded provision.

Childcare by grandparents is another important area of production. The bulk of this caregiving is regular and unpaid, although it is also a useful 'backup' when regular sources break down (Lewis et al 2008). One study estimates that 13.5 million people in the UK regularly care for their grandchildren, providing 60 per cent of all childcare (Hoff 2015). In London, around 85,000 families depend on childcare from grandparents, with an annual value of between £3,300 and £6,300 in each case (Barrett 2013). This is often important in helping parents from socioeconomically disadvantaged backgrounds, particularly mothers, to gain and remain in work (Hoff 2015).

Finally, older people contribute through consumption and purchasing power, often as fairly 'heavy' users of both general goods and services (Lee and Mason 2011) and of services specifically associated with age. Ageing can support both established markets and the development of new ones; higher incomes among older people may be an important source of demand in the economy. The drivers of population ageing may themselves contribute to social changes that mediate its potentially problematic impacts. For example, declining fertility is often associated with 'sharing' through increasing investment in children and young people. It may also have an impact on work because it facilitates higher female labour force participation (Lee et al 2010).

So older people's sharing and production through volunteering and informal transfers are economically valuable, but these are *not* captured in an analysis that focusses primarily on dependency ratios. These behaviours rely to some extent on an older population that has a reasonably high level of resource. They are potentially at risk as a result of changes to pensions provision, and of economic trends that may make it harder to save and acquire assets.

2.3.3 Saving for old age

Responses to increasing longevity include policies to encourage saving for retirement and postponement or phased exit from the labour force (Bussolo et al 2015), to reduce the cost of state pensions. Since the financial crisis, in the developed world the emphasis has increasingly fallen on delaying retirement and raising the SPA. However, these have *not* generally been

accompanied by a large-scale move from public ‘pay as you go’ to privately managed funded pension schemes (European Commission 2015a).

The evidence for the effectiveness of financial incentives to delay retirement is mixed. Changes to welfare systems have been accompanied by rising employment rates among people at or beyond the SPA (for example, Börsch-Supan 1998, Gruber and Wise 1999, 2010, Blundell et al 2002, Gustman and Steinmeier 2005). However, welfare policy reform and changes to the SPA only partially explain new trends in retirement (Duval 2003: 20), and there is not a simple relationship between delaying retirement and savings to the public purse. Savings through raising the SPA may be associated primarily with ‘high-wage and healthy workers’ who continue in work; lower-wage earners, or those in poorer health, may be more likely to move to disability pensions or unemployment benefits, which reduces the savings that can be made (Staubli and Zweimüller 2012, OECD 2013). In the UK, Employment and Support Allowance (ESA) is claimed by people aged 50 and over at a higher rate than for any other age group (DWP 2013). Return to work by an ESA claimant could potentially boost the local economy by up to £13,100 a year (Shreeve et al 2015).

Evidence from nations with both social transfer programmes *and* substantial reforms to workforce practices suggests that a ‘two-pronged’ approach is most effective. For example, Denmark has high levels of extended working and a high average retirement age, even compared to countries with similar labour markets and social security systems. Some of this may reflect a requirement for greater contributions in order to take advantage of early retirement, and financial disincentives for ‘alternative routes’ such as unemployment or disability benefits (van Oorschot and Jensen 2009). However, there is also high ‘hiring intensity’ for older workers, relatively positive attitudes to their productivity, good levels of job satisfaction and of perception of control over work (van Oorschot and Jensen 2009). These are reinforced by financial incentives for both individuals who delay retirement and municipalities where retirement rates are lower (Jensen 2005).

In the UK, the SPA has risen for men born after 6 April 1951 and women born after 6 April 1953, with equalisation for men and women. The default retirement age was phased out in 2011 so that workers cannot be required to retire on grounds of age, except under specific business circumstances. These measures both incentivise and ‘normalise’ extended working lives. At the same time, they are accompanied by measures to encourage longer working: deferring receipt of the state pension after the SPA may offer slightly higher payments, and pension credit has been reformed to encourage working-age people whose partners are above the SPA to remain economically active. These changes will be reviewed regularly to keep pace with developments in longevity, and accompanied by measures to increase awareness of age discrimination legislation among employers and promote age diversity and the employability of older people.

State pension income, while it may be delayed, is likely to remain relatively buoyant thanks partly to changes such as the ‘triple lock’. Projected mean pension income in 2060 is around £275 per week, a 5 per cent increase from £262 in 2014 (DWP 2015a). But future generations may rely on

less favourable employee pension schemes. Those in the private sector have tended to move away from defined benefits to defined contribution frameworks, which generally offer a lower retirement income (CII 2011). And the Hutton Report recommended that public sector pensions should remain as defined benefits schemes but shift to a career average rather than a final salary offer, with greater choice over when to begin drawing a pension (IPSPC 2011).

Wealth at retirement depends both on the resources that have been available over the lifecourse and on personal habits of saving these – where they have been sufficient to allow much saving. Rising levels of personal debt and falling rates of saving may also have an impact on retirement income. As well as pensions, people rely on savings, assets and property for retirement income, with property playing a particularly important part as an increasing number of people aged 55 and over own their own home, frequently mortgage-free (Aviva 2014a). Even so, a fairly high proportion of over-55s are anxious about their *lack* of savings, either because they have not been able to save enough or because they have used savings prior to retirement because of unexpected expenses (Aviva 2014a). Unsecured debt for the over-55s appears to be rising (Aviva 2014b) and around a quarter of people in this age group may have no savings at all (Aviva 2014a).

2.4 WEALTH AND AGEING

‘Wealth and ageing’ is the subject of several powerful and apparently contradictory narratives. On the one hand, older people are described as enjoying some of the highest levels of wealth in society; descriptions of the baby boomers approaching retirement with good occupational pensions, healthy bank balances and high levels of property wealth have become a standard trope. On the other hand, it is easy to find dire warnings about insufficient pension savings and soaring care costs for older people.

The apparent contradiction arises from the tendencies (discussed in chapter 1) to ignore intragenerational inequality and the relationship between age and other social distinctions such as gender and social class and to treat age as a constant and culturally stable element of identity. So some of the people who are *now* aged 55–70 may well be among the better-off in society. But the same age group in 20 or 30 years’ time will have lived through a very different, in many ways less favourable, set of personal and financial experiences. And by no means every baby boomer had the opportunity to build up a healthy stock of assets for retirement – or even much of a stock at all. Many spent their entire careers in low-paid work, without good-quality occupational pensions (especially for women); and many did not acquire property, or have had to sell their homes to pay for care.

In a recent comprehensive analysis, Corlett (2017) concludes that previous patterns of wealth progression between generations no longer apply, and that ‘generation-on-generation progress [in incomes] appears to have stalled in the 21st Century’ (Corlett 2017: 3). He finds that, in the context of current policy, this is unlikely to be reversed; key issues include features of the modern labour and housing markets (Corlett 2017).

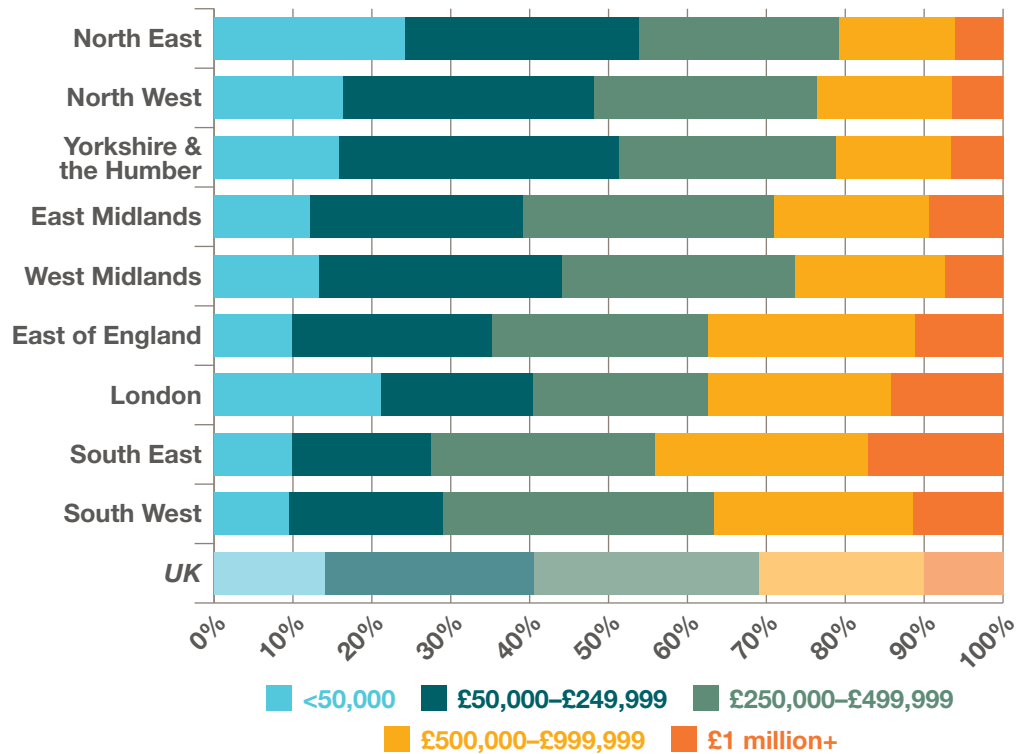
2.4.1 Prospects for future retirees – wealth in the UK and its regions

Wealth is unevenly distributed across the population of the UK and also between regions within England (see figure 2.2a). Only in the North East of England are there *more* people aged 65 and over living in a household whose total wealth is below £50,000 (24 per cent, compared with a UK average of 14 per cent) than in a household with total wealth above £500,000 (21 per cent, compared with a UK average of 31 per cent). A large proportion of the region’s baby boomers simply do not fit the stereotype of wealthy retirees enjoying a luxurious lifestyle at the expense of their children, and the need to extend working lives may be (even) more urgent in this region than elsewhere.

Within the pensioner age group, wealth (for obvious reasons) diminishes over time (see figure 2.2b). Again, the North East includes somewhat higher numbers of pensioners who live with lower general wealth and pension income as age advances.

FIGURE 2.2A

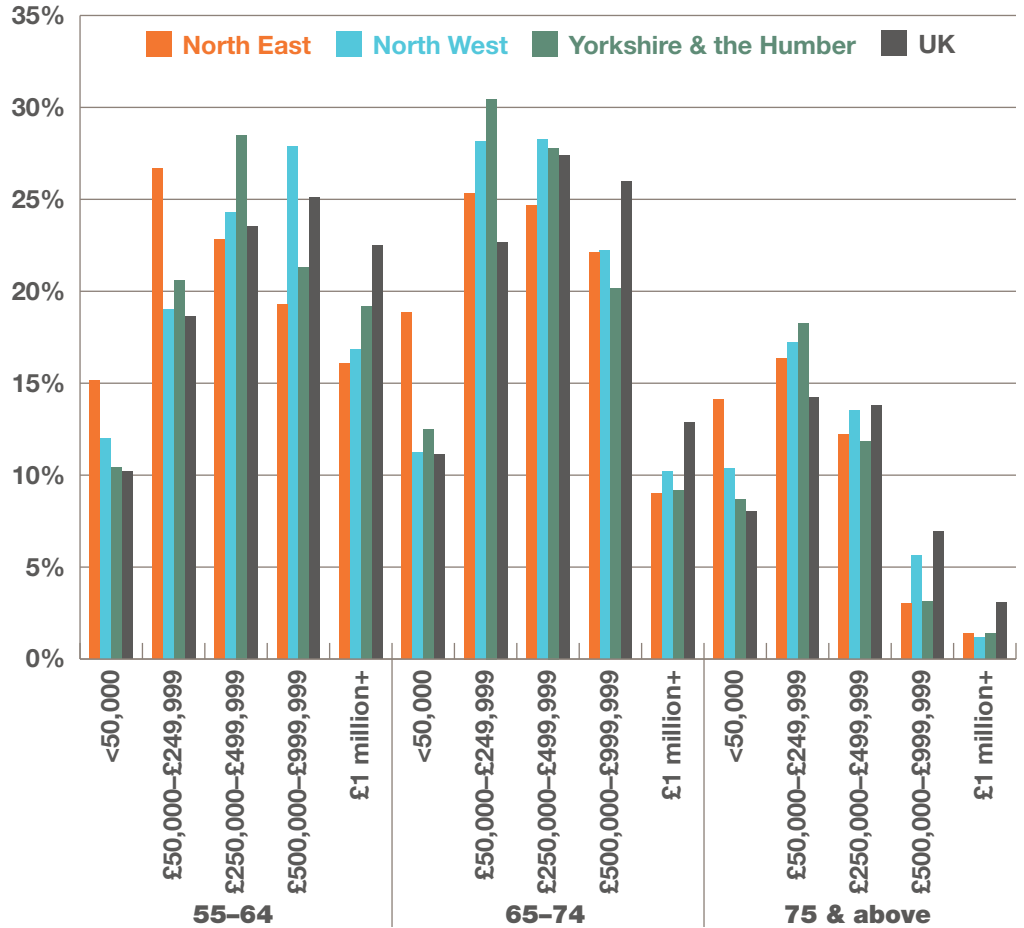
Percentage of people aged 65 and over in the UK and each region of England living in a household with total wealth in each band, 2012–2014



Source: Office for National Statistics, *Wealth in Great Britain wave 4: 2012 to 2014* (ONS 2016f)

FIGURE 2.2B

Percentage of people aged 55 and over in the UK and northern regions of England living in a household with total wealth in each band by age band, 2012–2014



Source: Office for National Statistics, *Wealth in Great Britain wave 4: 2012 to 2014* (ONS 2016f)

2.4.2 Trends in saving

The most recent Wealth and Assets Survey showed that overall asset ownership rose between 2006 and 2010. More people (96.4 per cent) had current accounts and more current accounts were in credit. Individual savings accounts (ISAs), national savings and fixed-term bonds also became more commonly owned. There was a small dip in informal savings (of 0.5 per cent) but this was minimal and could reflect greater use of ‘official’ savings products.

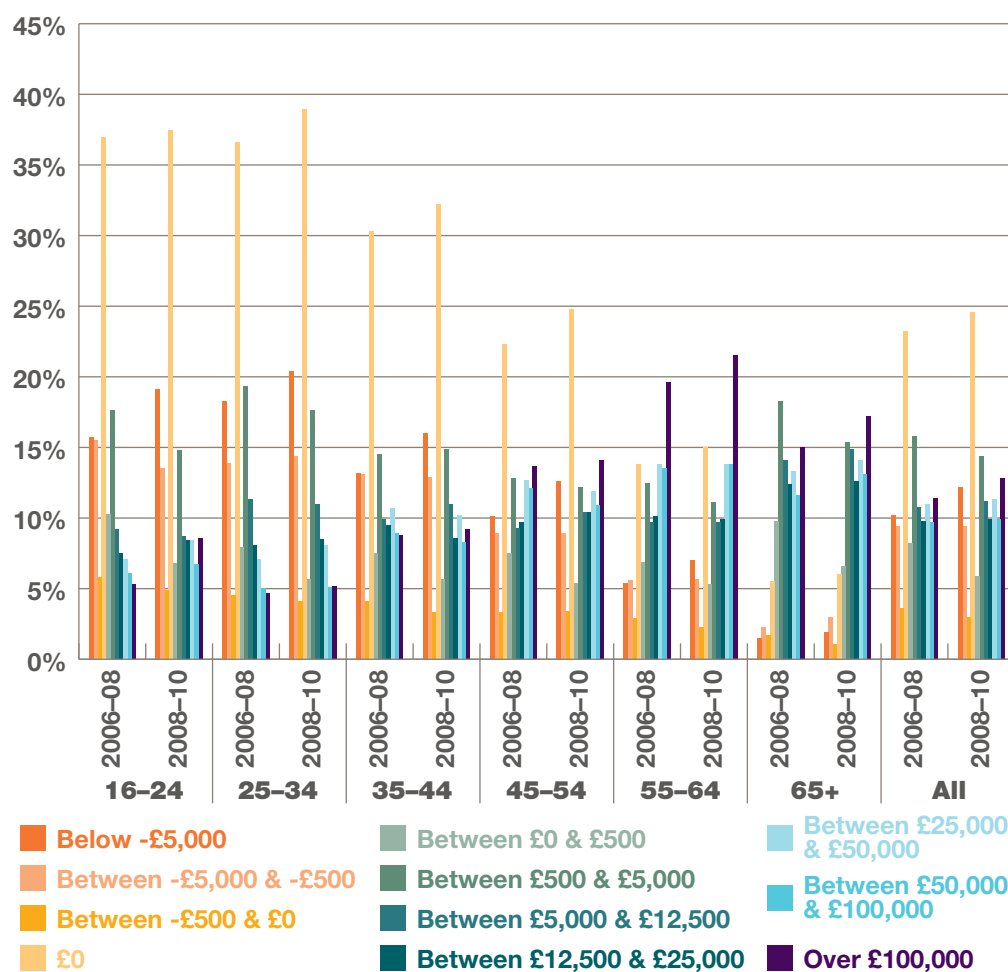
However, the amounts *being saved* had generally decreased. For savings accounts, mean value fell from £18,900 to £16,400 while the median value fell from £3,500 to £3,000; for ISAs the mean value fell from £18,900 to £17,300 and the median value from £7,500 to £7,000. The sums held in unit and investment trusts also fell. The value of insurance products did rise but only around 6 per cent of households owned these, compared with around two-thirds with savings accounts and between 40 and 50 per cent with ISAs (all figures are from ONS 2016f).

These figures apply to a short period and could to some extent reflect the entry into the market of a greater number of new savers who at that point had invested relatively small sums. However, the reductions in the value of these common ‘retail’ financial products is in line with the anxiety over saving identified by Aviva (2014a).

Figure 2.3 shows the distribution of household wealth between people in different age groups, based on data from the Wealth and Assets Survey. For people above what would at the time of the survey have been the SPA (age 65), the percentage in the highest and lowest wealth bands *both* increased between the first and second waves. Among people aged 35–54, however, a higher percentage were in the lower wealth bands in the second than in the first wave. Again it is difficult to draw strong conclusions from these observations because of the relatively short time period for this data, but it does suggest that savings and accumulated wealth may be less prevalent among younger age groups. It also illustrates the extent of inequality within generations.

FIGURE 2.3

Percentage of people in each age group with household financial wealth in each band, 2006–2008 and 2008–2010



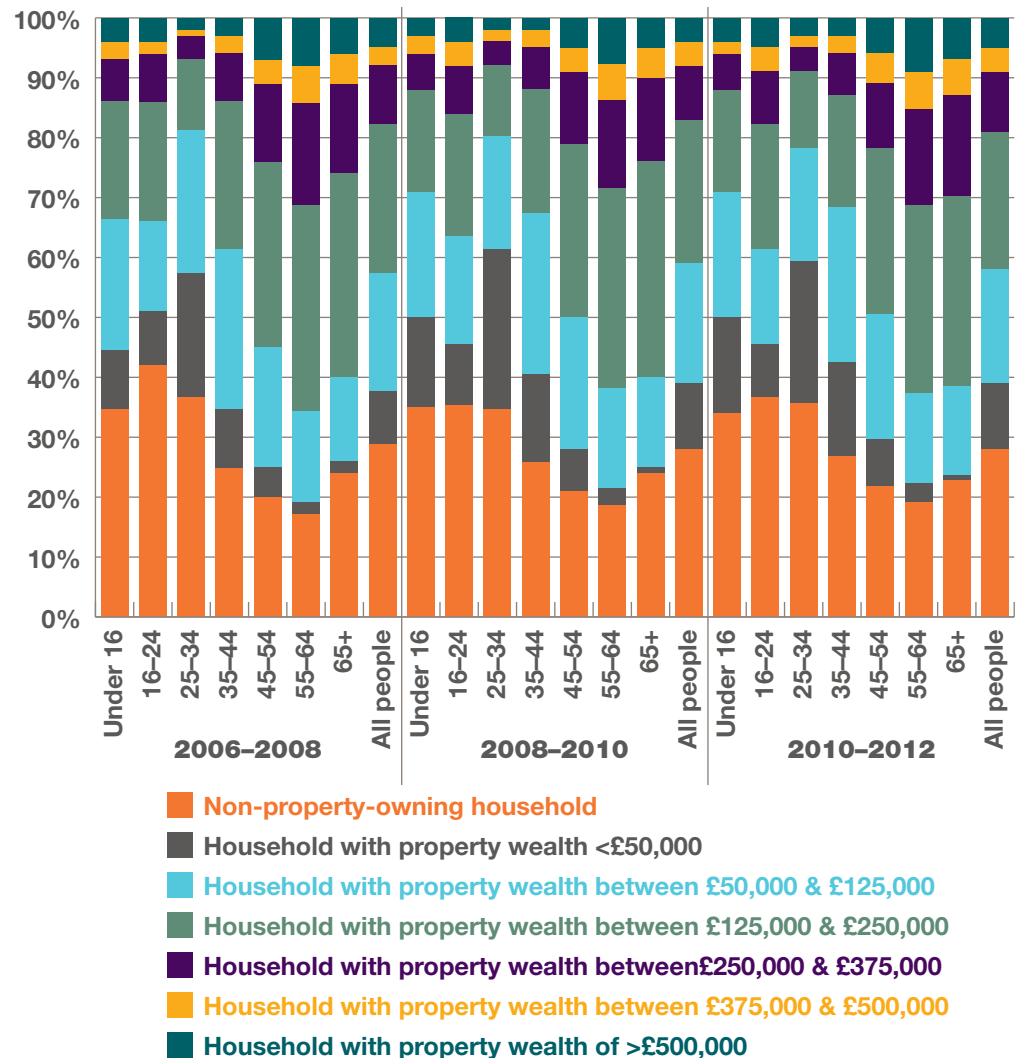
Source: Office for National Statistics, *Wealth in Great Britain wave 4: 2012 to 2014* (ONS 2016f)

2.4.3 Property wealth

Today, people at and approaching the SPA are *relatively* likely to own high-value property, and to have paid off any outstanding mortgage debt. Yet high property values make it more difficult for younger people to buy their first home, making future generations of retirees *less* likely to be able to rely on property wealth. Some estimates suggest that the percentage of households headed by someone aged 30 or under buying a home with a mortgage fell from 43 per cent in 1997 to 29 per cent in 2009 (Demey et al 2011).

FIGURE 2.4

Percentage of people in each age group who live in a household with property wealth in each band, 2006–2008 to 2010–2012



Source: Office for National Statistics, *Wealth in Great Britain wave 4: 2012 to 2014* (ONS 2016f)

Developments in the property market were already impacting on the household wealth of pensioners in the early years of the 21st century (Banks et al 2010). The growth in wealth observed between 2002–03 and 2004–05 slowed later in the same decade, having initially been

‘driven almost entirely by housing wealth’ and declining as house prices stagnated or fell (Banks et al 2010: 3). Where pensioner wealth is heavily reliant on property values it may be vulnerable to market shocks – even when that wealth is in place to start with. And younger people who *inherit* property may find that this is a relatively vulnerable asset.

Figure 2.4 shows the percentage of people in each age group who live in a household with property wealth in each band. The stable proportions for people aged under 16 can be accounted for by residence in the parental home, and the slight rise in the percentage of people aged 65 and over may reflect increasing property values. However, among people aged 35–44, an age at which many people will have established an independent home base, the percentage who live in non-property-owning households rose by one percentage point in each wave of the survey. The same observation – perhaps more surprisingly – applies to the group aged 45–54.

2.4.4 Indebtedness

Indebtedness presents a threat to saving; people may prefer to service their debts rather than save money. Recent figures from the Bank of England suggest that household indebtedness rose sharply in the first decade of the 21st century but, following a peak around the time of the financial crash, began to fall around 2010. However, this reduction has levelled off recently and both mortgage and non-mortgage debt rose in relation to household income in late 2015 and early 2016 (Bank of England 2016). The use of credit cards and other debt products increased, while debt servicing fell sharply during the financial crash and is believed not to have recovered to any extent.

Data from the Wealth and Assets Survey suggests that both formal and informal debts are becoming more common, and that debts to the Student Loans Company are an important element of this. These figures highlight another important area of indebtedness for those who will reach the SPA in 20 or more years’ time.

2.4.5 Will tomorrow’s retirees be poorer than today’s?

Future generations of retirees may not have the levels of savings and property wealth that are *relatively* common among older people at present. In 2014, almost half of adults below the SPA were not saving enough for their retirement for a variety of reasons, including limited work histories, opting not to contribute to a private pension while in work, and insufficient private contributions (DWP 2014a). Increasing the amount of work that people undertake between the age of 50 and the SPA will help to improve pension savings (DWP 2014a). The option of extending working lives, so that earnings can play a part both in income and in building up further savings, may be increasingly important if younger people find their earnings and options to build up property wealth diminished.

Financial provision for retirement is far from being an ‘old people’s issue’ or one solely of personal responsibility. Choices made in one’s 30s or even earlier shape resources for retirement, and those choices are driven by many factors outside individual control, including labour and property markets, what work is available, where it is (especially in relation to available housing) and how it is paid, and the financial products offered

(and explained) to workers seeking to save. Cultural norms will also determine how younger people imagine their later lives and career paths, including when it is 'normal' or natural to start planning for an older future and what is the 'right' balance between saving, spending and sharing. In policy terms,

'...building appropriate institutions for an aging society cannot wait because those reaching old age in 2050 are already entering the workforce today. Decisions they make over their entire adult life will be framed by the social and economic institutions, expected and actual, that influence economic security in old age.'

Lee et al 2010: 6

3.

HEALTH AND AGEING

Poor health is a major cause of early retirement, either directly or because workers whose health deteriorates are more likely to become unemployed (Banks et al 2010, Robroek et al 2013). A range of specific health conditions predict early work exit, including limb pain or respiratory distress that makes walking difficult, symptomatic depression, mobility limitations and general pain (Rice et al 2011). Health issues such as high levels of physical job demands and work-related injuries and general predictors of ill-health such as obesity, smoking and inactivity are also associated with pre-SPA retirement (Leino-Arjas et al 1999, Robroek et al 2013), as are stress and lack of perceived job control (Leino-Arjas et al 1999, Friis et al 2007). Periods of ill-health in late career are associated with subsequent unemployment or early retirement (Pedersen et al 2012), as is chronic ill-health (Banks et al 2010).

Increased longevity alone will not mean that people are able to continue in work more easily. *Healthy*⁴ life expectancy is critical, but this is not evenly distributed across the population.

3.1 LONGEVITY AND HEALTHY LONGEVITY

Healthy longevity, like longevity overall, is rising. Some 80-year-olds maintain levels of physical and mental fitness similar to those of people 20 or even 30 years their junior. Others suffer a gradual health decline due to chronic debilitating disease, or experience acute illnesses associated with ageing such as cancer or heart disease. And these misfortunes are inequitably distributed; crudely put, higher incidences of several of the diseases of ageing are associated with social deprivation (see, for example, Lawlor et al 2005, Bajekal et al 2012, National Cancer Intelligence Network 2014, Parkin and Baker 2016).

Poor health limits opportunities to extend working life, even when this is financially or socially desirable. Work itself is a factor; some jobs take a greater toll than others on the body and mind. The earlier retirement occurs, the more likely it is to be due to health factors; this is particularly true for people in lower social class groups (Phillipson and Smith 2005: 5).

Just as current young workers may have lower levels of savings and financial assets, their health 'assets' may also be poorer than those of their parents and grandparents. Increases in healthy longevity may not have kept pace with increases in overall longevity, especially in the longest-lived countries (Robine et al 2009). And recently born generations have a worse risk factor profile for diseases such as diabetes than do older ones (Spijker and MacInnes 2013). Marshall et al (2015) explored

4 'Healthy' life expectancy is defined as the length of time for which an individual can normally expect to live in 'good' or 'very good' general health.

trends in frailty in the older population of the UK, with ‘pessimistic’ findings. They found little evidence for improvements in health; in fact, more recent cohorts of the over-70s seemed to have *higher* levels of observed frailty than those who entered this age group 10 or more years previously.

‘[This] carries the negative implication that the continuing gains in life expectancy are composed of additional years spent in frailty... particularly for the poorest individuals.’

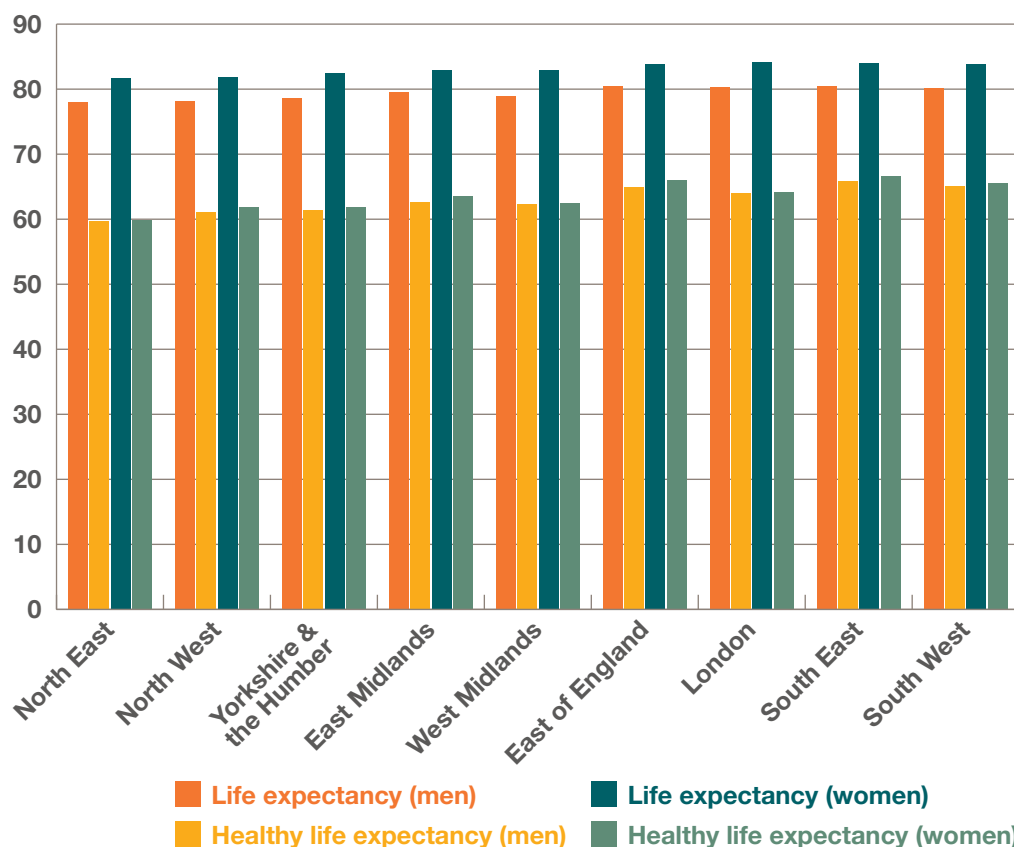
Marshall et al 2015: 4

To some extent, this reflects improvements in medical care, which mean that *more* older and frailer people survive for longer (Marshall et al 2015: 4). However, an increase in some unhealthy lifestyle factors, such as sedentary habits and obesity, plays a part, as does social and economic inequality (Marshall et al 2015: 5).

Health inequalities affect opportunities for economic and social participation throughout the lifecourse, but this is magnified with ageing. Inequalities in ‘health expectancies’ between different areas of the UK may be greater than inequalities in life expectancy (Jagger 2015). Health inequalities between the north and south of England, and their relationship to deprivation, are well attested (Newton et al 2015).

FIGURE 3.1

Life expectancy and healthy life expectancy at birth for English regions



Source: Office for National Statistics, ‘Health expectancies at birth for middle layer super output areas (MSOAs), England: 2009 to 2013’ (ONS 2015c)

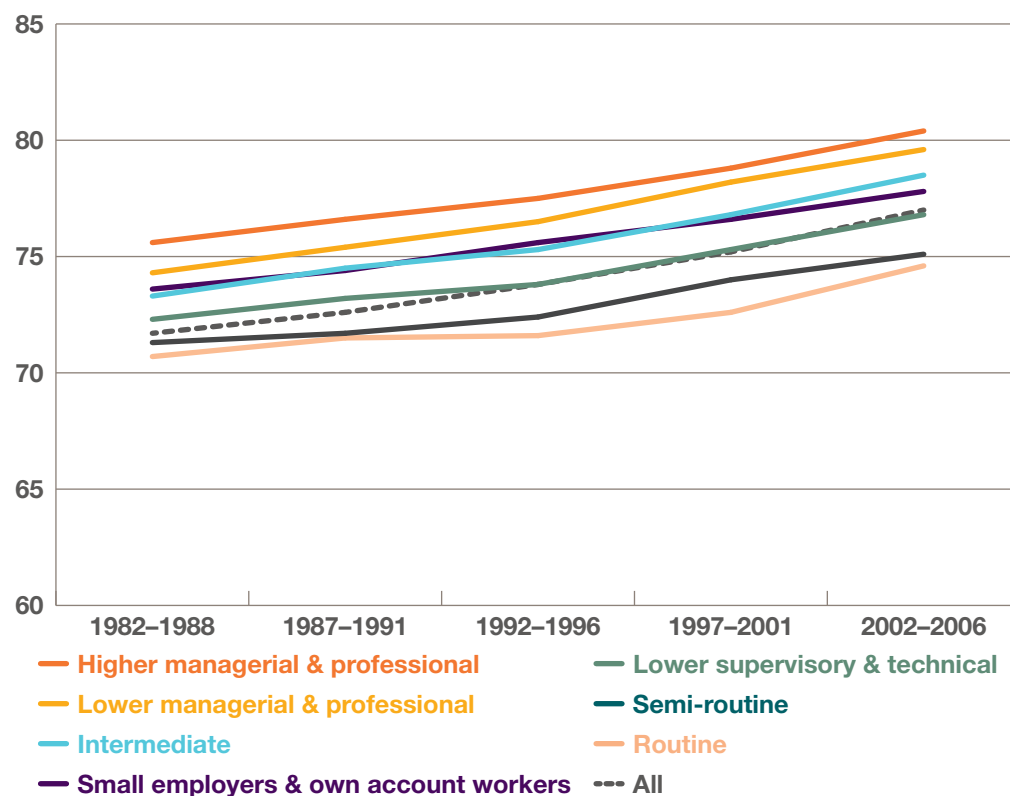
Full life expectancy is highest in the South East and East of England, above 80 for men and 83 for women (see figure 3.1). By contrast, it is at least two years lower for both sexes in the North, with the North East faring worst of all. Average healthy life expectancy for women extends above the current SPA (66) only in the South East and East of England; for men it is above 65 only in the South East, South West and East of England. Northern rates are lower, at 61.4 for men and 61.8 for women in Yorkshire and the Humber, 61.1 for men and 61.8 for women in the North West, and 59.7 for men and 59.8 for women in the North East. Average life expectancy is higher for women, but their average healthy life expectancy is only very marginally greater than men's in most regions and in some it is the same or even lower.

The difference between average life expectancy and average healthy life expectancy is also greater in the North. In the North East, men can expect to live 76.5 per cent of their years in good health; for women, the figure is 73.2 per cent. Men in the South East are likely to live on average 81.8 per cent of their lifespan in good health, and women 79.3 per cent.

3.2 LIFE EXPECTANCY AND SOCIAL CLASS

FIGURE 3.2A

Life expectancy by NS-SEC* class at birth, males, 1982–2006

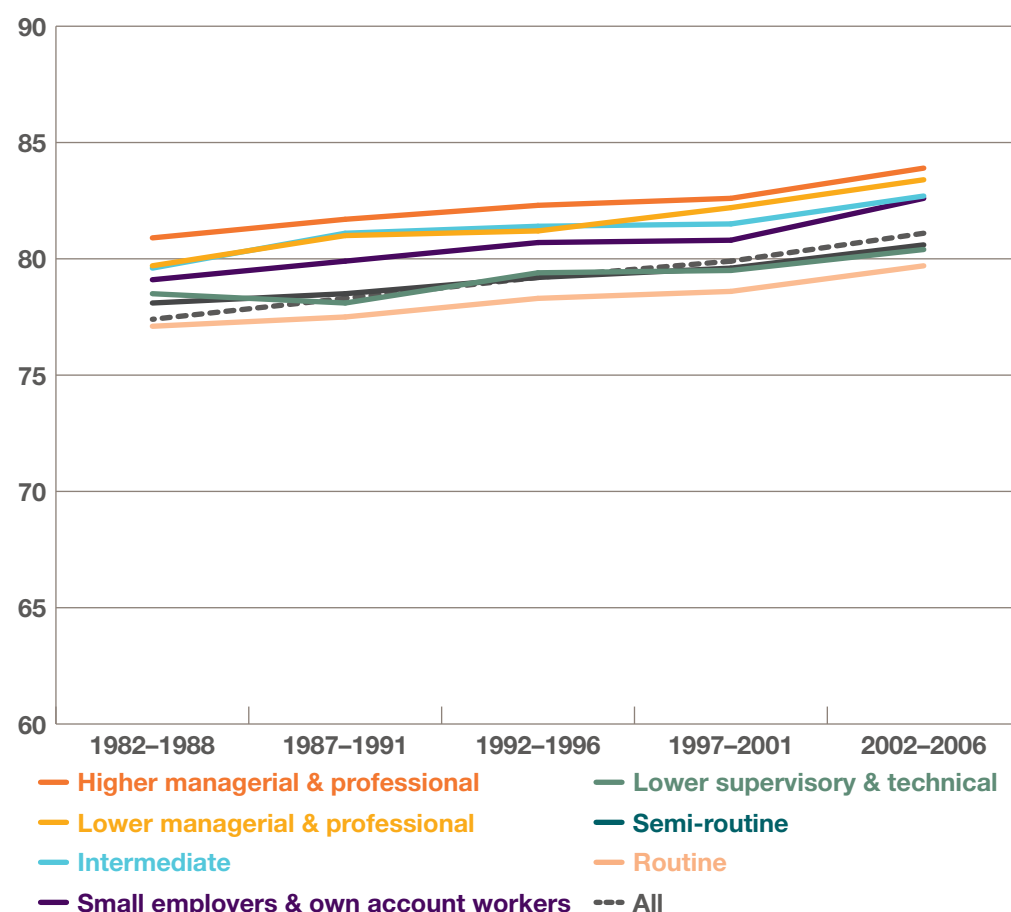


Source: Office for National Statistics, *Trends in life expectancy by the National Statistics Socio-Economic Classification 1982–2006* (ONS 2011)
 *National Statistics Socio-Economic Classification.

Average life expectancy and average healthy life expectancy vary significantly in relation to social class and deprivation (Imison 2012, ONS 2014, Marmot 2015). Figures 3.2a and 3.2b show differences between social classes as defined by occupation, which is particularly relevant in this context as occupation both determines income levels and indicates the type of work whose cumulative effects will be felt over the lifecourse (see section 1.4).

Between 1982 and 2006 (the most recent year for which figures are available), the longevity gap between different social class groups widened, from 2.3 years to 3.4 years for men and from 3.8 years to 4.2 years for women. Gains were greatest for people in managerial and intermediate groups (at over 5 years for men and between 3 and 3.7 years for women), and lowest for those in routine and semi-routine groups (at under 4 years for men and around 2.5 years for women).

FIGURE 3.2B
Life expectancy by NS-SEC* class at birth, females, 1982–2006



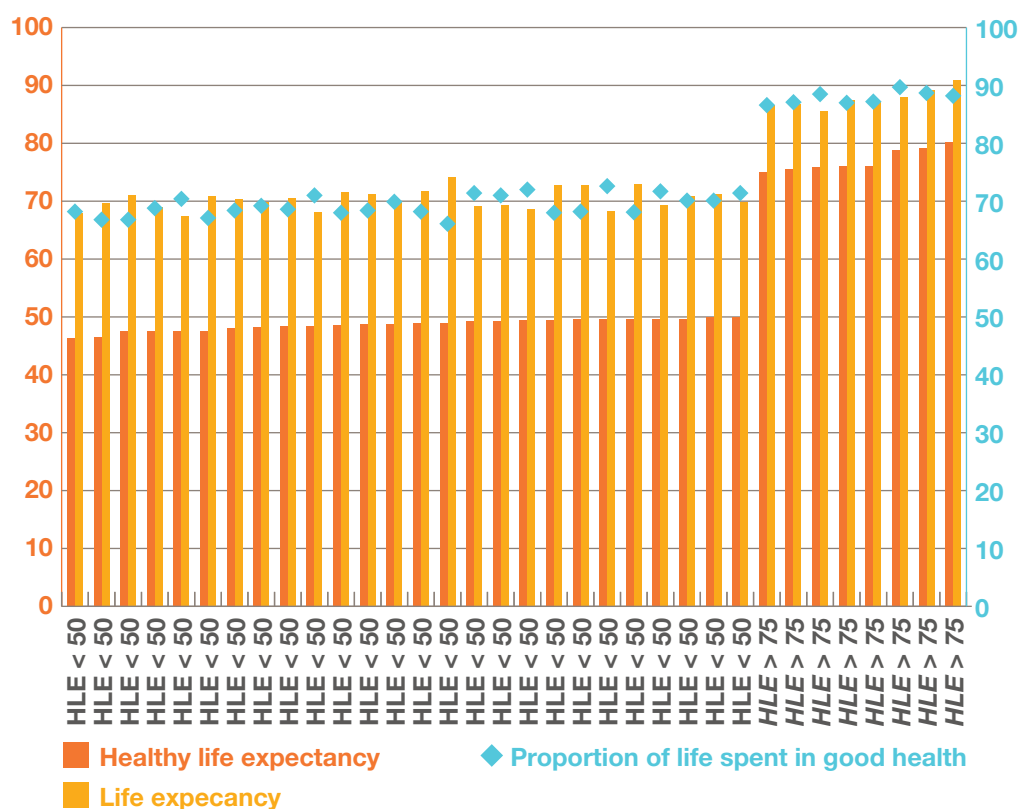
Source: Office for National Statistics, *Trends in life expectancy by the National Statistics Socio-Economic Classification 1982–2006* (ONS 2011)
*National Statistics Socio-Economic Classification.

Wellbeing in later life relates to factors across the whole of the life course, including social mobility and the ‘accumulation’ of advantage and disadvantage (Vanhoutte and Nazroo 2015), and there is ‘clear evidence

of large inequalities in health and well-being in later life, which relate to dimensions of socio-economic position, ethnicity, gender and area' (Nazroo 2015b: 4). Socioeconomic inequalities are associated with the onset of functional impairment in older age (McMunn et al 2008). And levels of frailty are higher for people in poorer groups, a trend that has *worsened* in recent years and may continue to do so (Imison 2012). Rates of self-reported ill-health are much higher among older people from ethnic groups other than white British, and average figures suggest that women's longer life expectancy includes a longer period spent in poor health (Jagger 2015, Nazroo 2015b: 4).

FIGURE 3.3A

Life expectancy and healthy life expectancy (HLE) (men) for middle-layer super output areas where this is 49 or below or 75 or above (left) and percentage of lifetime that is likely to be lived in good health (right), 2009–2013



Source: Office for National Statistics, 'Health expectancies at birth for middle layer super output areas (MSOAs), England: 2009 to 2013', author's analysis (ONS 2015c)

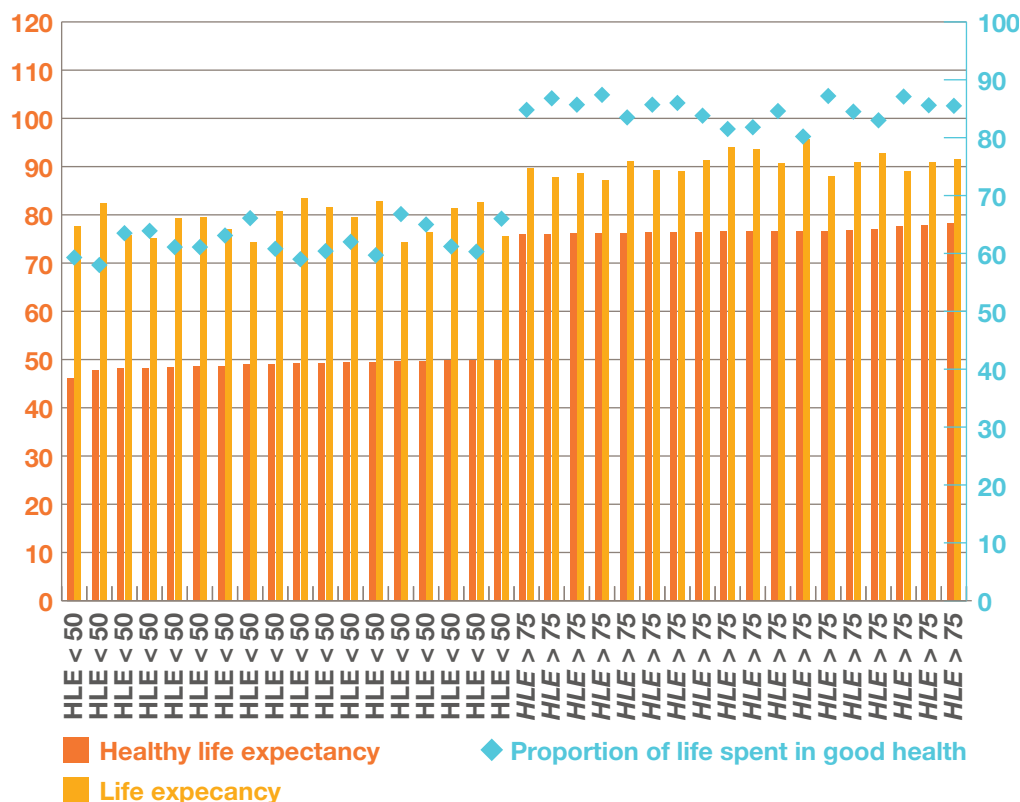
Within regions, too, areas with lower average healthy life expectancy tend to be among those that experience high levels of general deprivation. Figures 3.3a and 3.3b show the average life expectancy, healthy life expectancy and percentage of lifetime likely to be lived in good health for middle-layer super output areas in the UK that have an average healthy life expectancy *under* 50 (for men or women) and an average healthy life expectancy of 75 or above for men or 76 or above for women. All of the former fall into the most deprived decile in the UK, and all but one of those with very low average healthy life expectancy

for men are in the North; those where women have a low healthy life expectancy are all in the North and the West Midlands. By contrast, all but one of the areas with the highest healthy average life expectancy are in the South.

Even more stark than the contrasts in average life expectancy between different areas is the contrast between the percentages of life likely to be lived in good health. This is below 70 per cent in areas with the lowest levels of average healthy life expectancy, falling below 60 per cent for women in some areas. By contrast, it is well above 80 per cent in those with the highest levels of average healthy life expectancy, rising to almost 90 per cent for men in some places.

FIGURE 3.3B

Life expectancy and healthy life expectancy (HLE) (women) for middle-layer super output areas where this is 49 or below or 76 or above (left) and percentage of lifetime that is likely to be lived in good health (right), 2009–2013



Source: Office for National Statistics, 'Health expectancies at birth for middle layer super output areas (MSOAs), England: 2009 to 2013', author's analysis (ONS 2015c)

The relationship between low rates of average healthy life expectancy and deprivation is strong. The majority of middle-layer super output areas with the lowest levels of average healthy life expectancy fall into the most deprived decile for the UK as a whole, with a very small number in the second most deprived decile. Areas with the highest levels of average healthy life expectancy are distributed between the upper deciles, although most fall into the sixth decile or above, and none is below the fifth decile.

The relationship between healthy life expectancy and different kinds of lifecourse is even starker. Men in their mid-70s with high healthy life expectancy could reasonably expect to engage in activities that those in the areas with the lowest levels had to abandon nearly 30 years earlier. That places a severe limitation on work, as well as on social and family life. The contrast for women is even stronger. In the ‘least healthy’ areas, average healthy life expectancy is 48 or 49 – years which for at least some women are still viable for childbearing.

Even within one city, experiences of health and ageing can vary vastly; the popular ‘Tube Map’ representation of different life expectancies at stations on a single network illustrates this vividly (Cridland 2017). For example, Newcastle has average overall life expectancy and average healthy life expectancy rates similar to those for its wider region. However, gaps of 10 or more years emerge between the average *overall* life expectancies for the areas with the lowest and highest rates within the city, and of more than 20 years between equivalent average *healthy* life expectancies. At the lower end, average healthy life expectancy is around 50, while at the upper end it is in the late 60s for men and a little over 70 for women. Average life expectancy is somewhere in the 70s in the areas with the lowest rates, and over 80 in those with the highest, occasionally exceeding 90 for women. The contrast between the proportion of life lived in good health also varies considerably, with rates below 75 per cent for women and only just above this for men in some areas, and above 90 per cent in others.

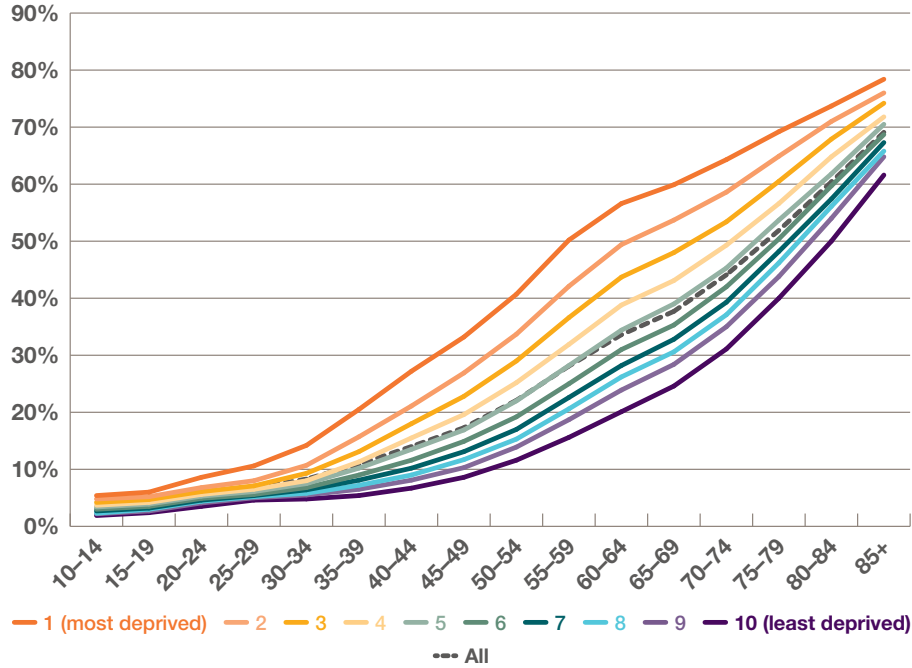
3.3 HEALTH AND DEPRIVATION

The association between poor health and deprivation has implications for policies to extend working lives. The differences between areas with different levels of deprivation begin to emerge well before the SPA, and are most marked in ‘older middle age’. Rates of self-reported poor health for people in younger age groups – still well within the pre-SPA years – in deprived areas are equivalent to those for far older age groups in less deprived areas. The levels of self-reported ill-health among men aged 35–39 in the *most* deprived areas are not found in any age group below 65–69 in the least deprived areas (see figures 3.4a and 3.4b).

The gap between the most and least deprived deciles opens up early in the working life; even the late 20s in the most deprived areas are comparable to the late 50s in the least deprived. The contrast is most marked between the early 40s and the SPA; in other words, precisely the point at which workers slide into the ‘50 and over’ category, which has become associated with ‘older working’, and when early retirement may start to look like an option. While the highest figures of self-reported poor health are found in the most deprived decile, the second and third most deprived fare little better; thus even in the third most deprived group, self-reported poor health for people in their late 40s is comparable to that of people above the SPA in the least deprived. Levels of disability show a similar association with deprivation.

FIGURE 3.4A

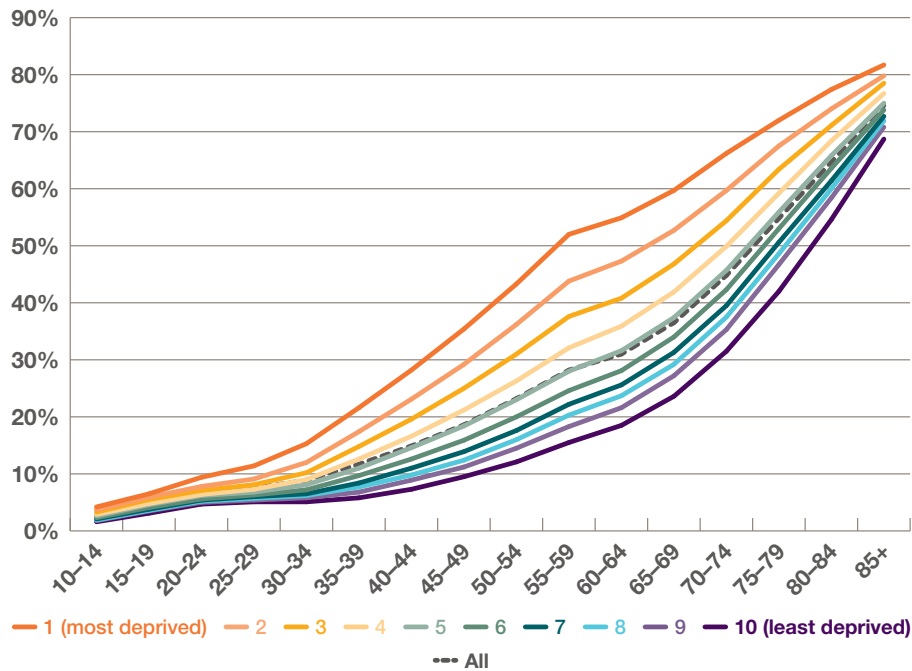
Percentage of men self-assessing their health as 'not good', by age and level of deprivation, England, 2011



Source: Office for National Statistics, 'Analysis of self assessed health and disability, for males and females, by area deprivation in England, 2011' (ONS no date)

FIGURE 3.4B

Percentage of women self-assessing their health as 'not good', by age and level of deprivation, England, 2011



Source: Office for National Statistics, 'Analysis of self assessed health and disability, for males and females, by area deprivation in England, 2011' (ONS no date)

3.4 REGIONAL VARIATIONS IN HEALTH

The North East has the lowest rate of self-reported 'good' or 'very good' health, and the highest rate of self-reported 'fair', 'bad' or 'very bad' health. The North West is the second 'least healthy' region on the basis of the figures, and rates of self-reported good health *fell* in these regions between 2001 and 2011 (ONS 2013d). To some extent this reflects the older average age of parts of the North, but this alone is insufficient to explain the trend. Social distinctions *within* regions are also important.

The north of England also has relatively high rates of potentially life-limiting illnesses and long-term conditions (Ellis and Fry 2010). In all the northern regions, age-standardised rates of death from circulatory and respiratory diseases and from cancer are worse than those for England as a whole. Unhealthy lifestyle behaviours are also generally higher; both the North West and Yorkshire and the Humber have higher rates of smoking among both sexes, although in the North East the rate is only higher among women. Unhealthy alcohol consumption is also higher in the North West and Yorkshire and the Humber than in England as a whole, although the rate for the North East is close to the national one (Ellis and Fry 2010: 63–64).

The argument that longevity has led to longer periods of pension use than originally intended may simply not apply where *full* life expectancy remains below 70 in some middle-layer super output areas. On the other hand, the early onset of health problems in more deprived areas and among people in lower social class groups may point to a need for preventative approaches that address wider health issues or adapt working lives well before retirement is conventionally considered (Kuh 2007, writing in the medical context, proposed approaches of this sort). The capacity to extend working life up to or beyond the SPA may be severely limited by health factors, and this is likely to be more acute for people who experience other kinds of deprivation. Even social groups that are not obviously 'deprived' may have poorer health than wealthier ones, and interventions focussed primarily on making it unaffordable to retire could exacerbate or widen established inequalities and patterns of disadvantage.

3.5 HEALTH AND WORK

Work itself is one of the factors that has a cumulative impact on health (Bambra 2011). In the UK, people who work in lower-paid and highly physical jobs are at a particularly high risk of early exit from the labour market due to health problems or disability. In 2013, 25 per cent of economically inactive people aged between 50 and the SPA had been employed previously in one of just three types of role: elementary occupations, sales and customer services, and process, plant and machine operative work. A further 10 per cent had worked in skilled trades, or caring, leisure and other service jobs (DWP 2014b).

People working in manufacturing and construction are particularly vulnerable. Phillipson and Smith (2005) found that older male workers had lower levels of employment in these sectors than in, for example, services sectors such as distribution and hospitality. This is despite their overwhelmingly male workforces. McNair et al (2007) found that

employers in these sectors expressed concerns over the ability of men to continue working, which were not shared by employers in other fields. Similarly, Dini (2009) found that both men and women who had been employed in semi-routine or routine jobs were more likely to retire before or well before the SPA. Meanwhile, Mein et al (2000) found that in their sample of civil servants, the two groups with the highest retirement rates were the highest-paid, and those with the poorest health and lowest levels of job satisfaction.

Particular kinds of physical demand may have a very high impact. A large study in France (Bahu et al 2011) found that 35 per cent of workers aged 50–59 had been exposed to at least one type of physically demanding activity at work. The figure was slightly higher for men (37 per cent) than women (32 per cent). Sectors such as agriculture (55 per cent of workers), manufacturing (44 per cent) and construction (43 per cent) had particularly high rates, as did certain service industries (33 per cent). And these exposures had a negative effect. Physical limitations or illnesses *and* early retirement were all associated with long-term and/or multiple exposures to night working, high levels of physical strain, repetitive tasks and exposure to noxious or toxic products.

Physically demanding and dangerous work may present different risks for older and younger workers. For example, a study in the US found that older workers had a lower rate of job-related injuries than younger workers, but a higher rate of serious or fatal ones (Loeppke et al 2013). This may indicate a need to adapt health and safety training for workers with different levels of physical ability and also experience. Schwatka et al (2011) examined the factors associated with injuries among older construction workers, with the aim of helping employers to implement health and safety measures that better meet the needs of this group. Both high levels of regular physical demand (for example, harsh environments, unpredictable workplaces, use of vibrating tools and awkward posture) and ‘incidents’ such as falls or vehicular injuries were important.

As well as physical demands, the psychosocial conditions of work affect physical wellbeing. Many writers identify a relationship between poor worker health and a sense of ‘powerlessness’ over one’s work or working conditions, especially low decision authority and job control (see, for example, Alavinia et al 2009, Zaniboni et al 2016). These can also contribute to decisions to withdraw early from the labour market, particularly for workers in ‘low-status’ occupations (Manthorpe and Moriarty 2009, Siegrist and Wahrendorf 2010). Truxillo et al (2012: 3) argue that ‘autonomy, task variety, task significance and feedback from the job’ are all vital in examining how older workers can gain a good ‘fit’ with their work. Such ‘congruence’ is important both in extending working lives and in improving worker engagement throughout the career.

4.

TRENDS IN EXTENDED WORKING

4.1 EXTENDING WORKING LIVES

Across the developed world, measures to disincentivise early retirement and support the decision to remain in the workforce have been advocated and introduced (OECD 2006). These include:

- reforms to place pension systems, healthcare and long-term care on fiscally sustainable paths (Bussolo et al 2015)
- in health policy, a focus on preventive care, primary care and diagnostics, replacing predominant models of hospital care (ibid)
- encouraging lifelong learning, mobility and migration, domestically and internationally (ibid)
- adjustments in labour and pension laws and improved incentives to keep investing in human capital throughout individual working lives to facilitate the increased participation and productivity of older people in the labour market (ibid).

In the UK, relevant policies fall into three categories, according to whether they:

- compel longer working lives through legislative changes around the timing of retirement (Business in the Community 2015: 17)
- incentivise extended working through additional financial benefits for working longer (ibid)
- facilitate extended working by meeting the specific needs of older workers, for example flexible working or better support for those who are ill or disabled (ibid).

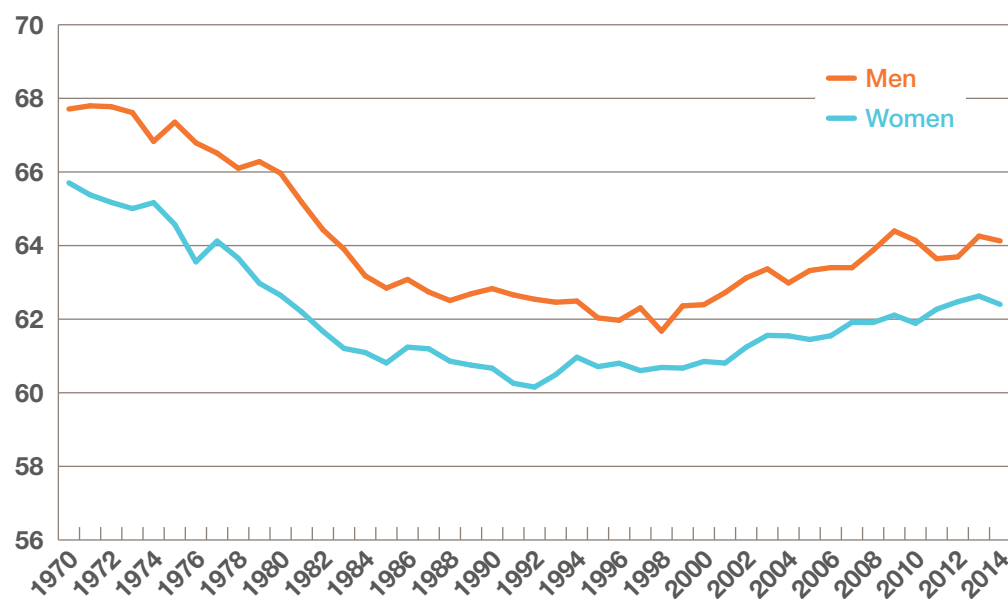
However, their impact will be very limited without changes in the behaviours of employers and employees. Any major shift in perceptions of what is a 'normal' working life or retirement age demands change on a scale that can only be achieved when governments work closely with agencies and with diverse social partners (Eurofound 2013).

Extended working is becoming more common in the developed world.⁵ Across the EU, early retirement has fallen and the employment rate among people aged 65–69 rose from 8.8 per cent in 2005 to 10.5 per cent in 2011, with the largest increases in Austria, Finland, Germany, Lithuania and the UK (Eurofound 2012). Labour market participation has also increased among the 50–64 age group (Parliament 2011).

⁵ In less developed regions, it is already far more widespread; in 2010, around 31 per cent of people aged 65 and over participated in the labour force in less developed parts of the world, compared with around 8 per cent in more developed ones (UN 2013). This reflects cultural differences in concepts of work and retirement, but also a lack of state pension provision, rather than increasing longevity.

In the UK, the ‘effective age of retirement’ in the early 1970s was *higher* than the current SPA for both men and women. However, it fell gradually to a low point of around 62 for men and 60 for women by the mid-1990s (see figure 4.1). Since then it has climbed again to just above 64 for men and above 62 for women in 2014. This represents a slight fall on the previous year, and for men a ‘dip’ from the high point around the time of the recession.

FIGURE 4.1
‘Effective age of retirement’ in the UK, 1970–2014



Source: Organisation for Economic Co-operation and Development, ‘Ageing and employment policies – statistics on average effective age of retirement’ (OECD 2015)

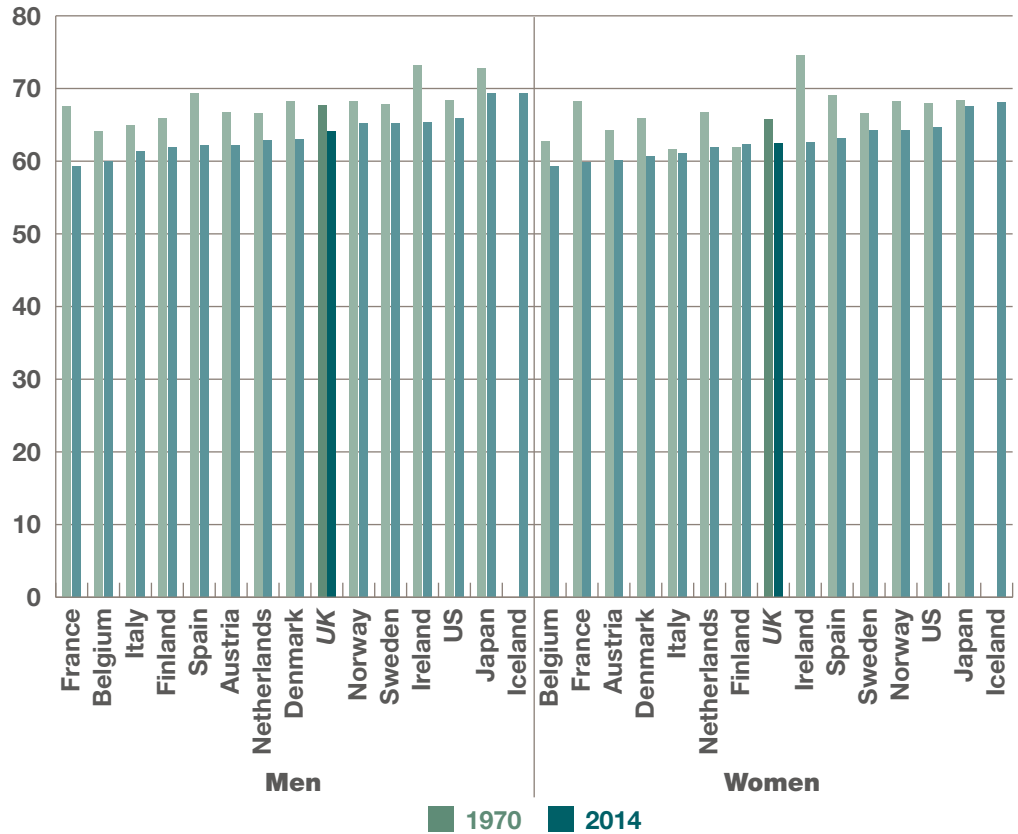
In 1970, the ‘effective age of retirement’ for men in the UK was around the middle of the range for western Europe, higher than in Austria, Belgium, Finland, Italy and the Netherlands but lower than in Denmark, Japan, Norway and Sweden (see figure 4.2). It was markedly lower than in Ireland. The ‘effective age of retirement’ for women was among the lowest in western Europe. By 2014, the ‘effective age of retirement’ for men in the UK was among the highest in western Europe and for women it was around the middle of the range.

Between 1993 and 2015, employment rates for people above the SPA rose gradually, from just under 8 per cent to just under 12 per cent (see figure 4.3). For most of this period, figures for men and women rose at a similar rate. Since 2012, however, the post-SPA employment rate for women has fallen while the rate for men has risen. Unfortunately, it is not possible to identify a reason for this divergence, nor whether it reflects the choices or involuntary circumstances of older women (or a combination of the two). Possible factors include post-recession pressures in the labour market, and increasing demands on carers as social care and childcare become more expensive or harder to source. It is also possible that women may find it more difficult to request adaptations to their working conditions or hours, for example

because of the nature of their work or relatively low-status roles. This highlights the need for holistic approaches that are sensitive to cultural and social factors.

FIGURE 4.2

‘Effective age of retirement’ in selected developed countries, 1970 and 2014

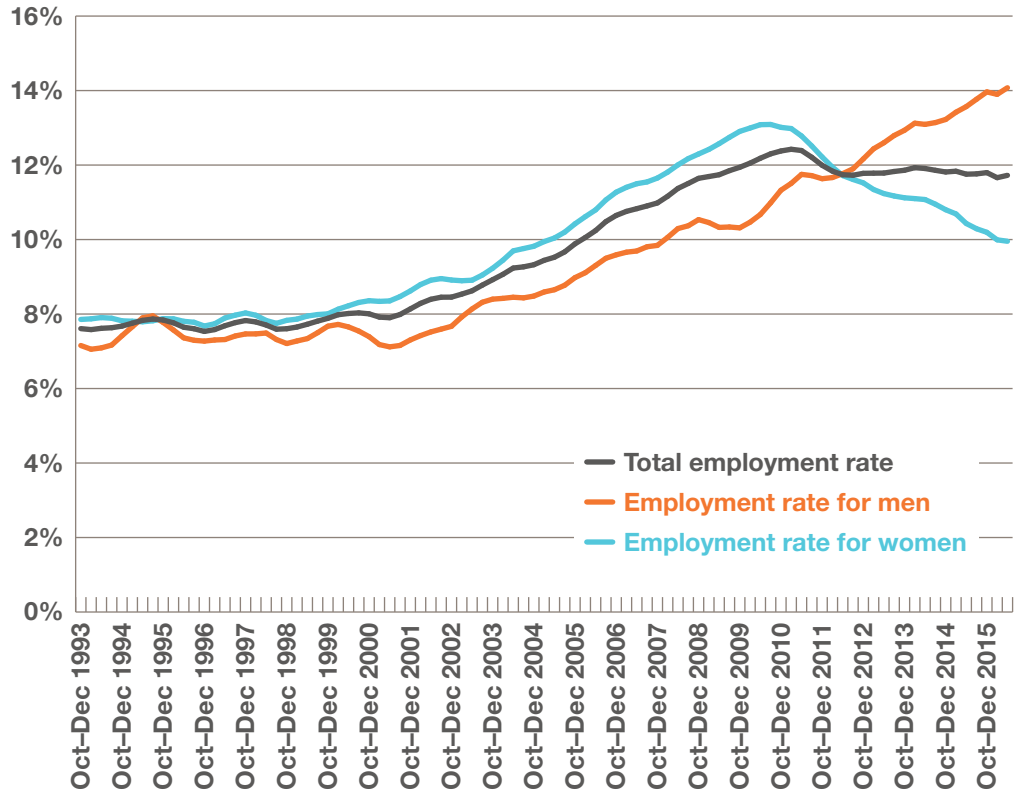


Source: Organisation for Economic Co-operation and Development, ‘Ageing and employment policies – statistics on average effective age of retirement’ (OECD 2015)

These changes are taking place in the context of rising rates of economic activity and employment for all age groups above 25; the falling rates for younger people reflect increasing participation in education and training. However, older people have increased their economic activity and employment rates more quickly than other groups. Over the past 25 years, the age groups that have seen the most marked increases in employment rates are 50–64 and 65 and over. In the former group, the employment rate rose by 9 percentage points for men and 17 percentage points for women between 1992 and 2014, a trend that was under way even before the equalisation of retirement ages.

FIGURE 4.3

Employment rates (%) for people above the SPA in the UK (taking into account changes in the SPA for women), October–December 1993 to April–June 2016



Source: Office for National Statistics, 'Employment rate of overall, men and women aged above state pension age, Jan to Mar 1993 to Apr to Jun 2016' (ONS 2016e)

4.2 REGIONAL VARIATIONS

There are marked regional differences in the employment rates for older people (Banks et al 2010). Data from the English Longitudinal Study of Ageing (ELSA) shows that in the first decade of the 21st century, employment of older workers was *lower* in the North East and North West than in the South East and East of England. The difference was greater than that seen for the workforce as a whole, although it is not clear to what extent the drivers are common (for example, lower job density) or age-specific (for example, poorer healthy life expectancy).

The North East saw a substantial rise in employment for people aged 50–54 over the period; this was nine percentage points below the national rate in 2002/03 but had caught up by 2008/09. Employment rates also rose sharply among people aged 60–64, probably as a result of the change in the SPA for women. However, in the age groups 55–59 and 65–69, the North East still lags behind the rest of the UK as well as the other northern regions. Across the UK, employment of older workers is higher for people with higher levels of education (Banks et al 2010), and so general North East demographics, which include lower qualifications among the older population (Round 2016), may explain some of the variation.

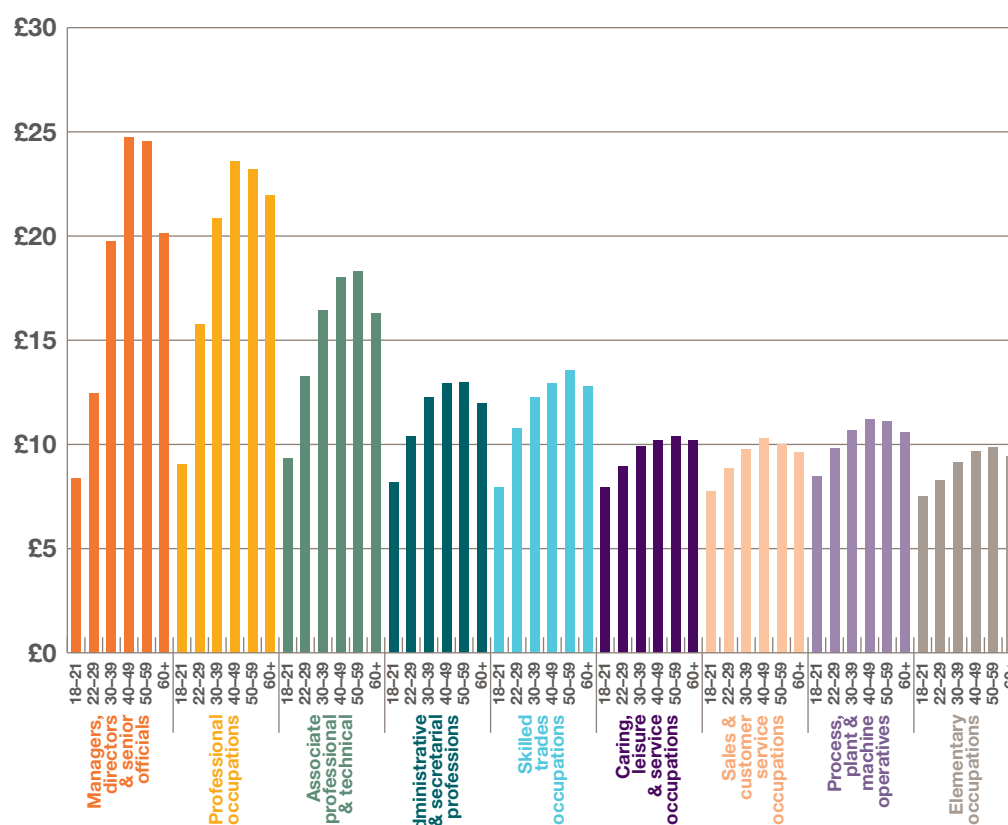
These figures, of course, do *not* indicate the extent to which older people in the region need or want to work. However, older workers in the North East are more likely to be working full-time than part-time, which might relate to the lower rates of wealth among older people in this region, and thus a need to work for longer hours where suitable employment is available.

4.3 OLDER WORKERS' EARNINGS

Income 'peaks' at different career points in different sectors and these patterns of age-related earnings operate differently for men and for women. Thus, opportunities to make substantial pension provision and accumulate savings or assets will vary and may arise at different career stages.

FIGURE 4.4A

Median hourly wages (£) for male employees in full-time jobs by age group and type of occupation, 2015



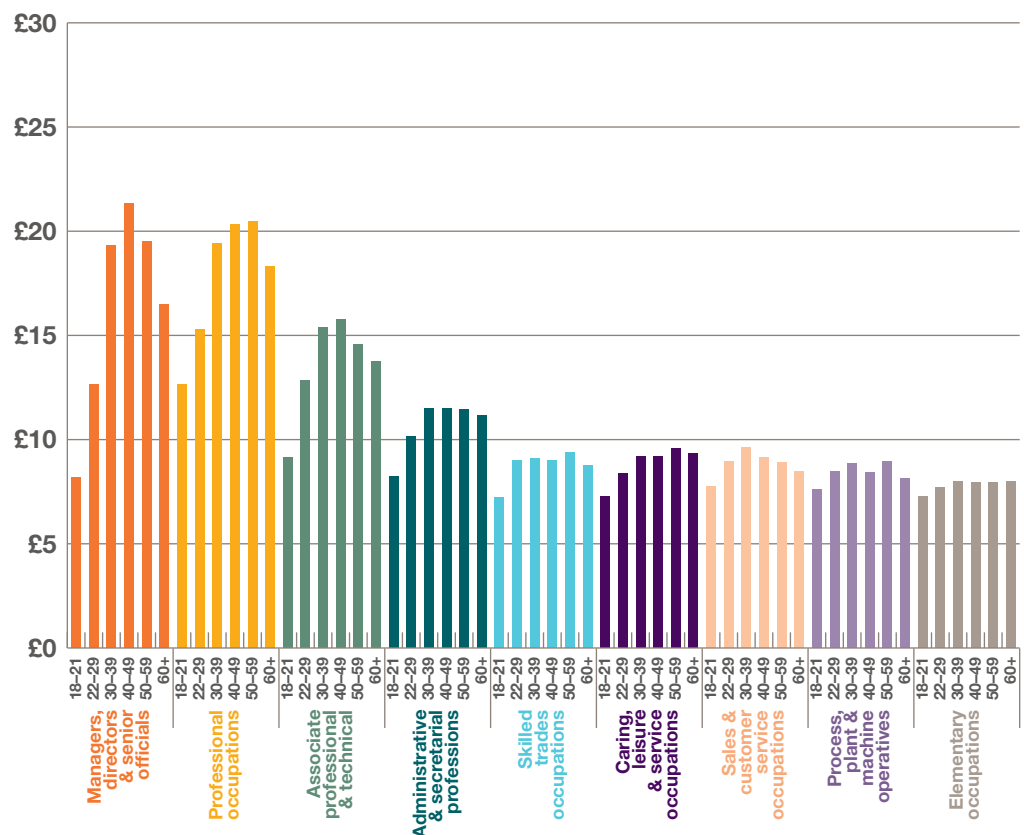
Source: Office for National Statistics, *Annual Survey of Hours and Earnings: 2015* (ONS 2015d)

For people in full-time professional and managerial occupations, pay peaks in their 40s or 50s (see figures 4.4a and 4.4b). This pattern also applies to men in full-time associate professional and technical, administrative and skilled trades roles. However, for women in these jobs the 'dip' occurs earlier, with the highest median wage for women in their 40s. For full-time administrative and secretarial work, the median hourly wage is very similar for groups of women aged 30 and over. In full-time sales and customer service, operative and elementary occupations, median hourly pay for women declines or remains almost static for

groups aged 30 and over, while median hourly pay rises for men until their 40s or 50s. Only in caring, leisure and other service occupations does women’s median hourly pay for full-time work continue to rise for groups into their 50s. In general the gap between men’s pay and women’s starts to open up earlier in life in ‘lower’ occupational groups; however, it widens for women over 40 in all types of work, which may reflect patterns of career progression for women with children. Poor pay progression in late career means that early planning for retirement is crucial for some lower-paid occupations, and for women.

FIGURE 4.4B

Median hourly wages (£) for female employees in full-time jobs by age group and type of occupation, 2015

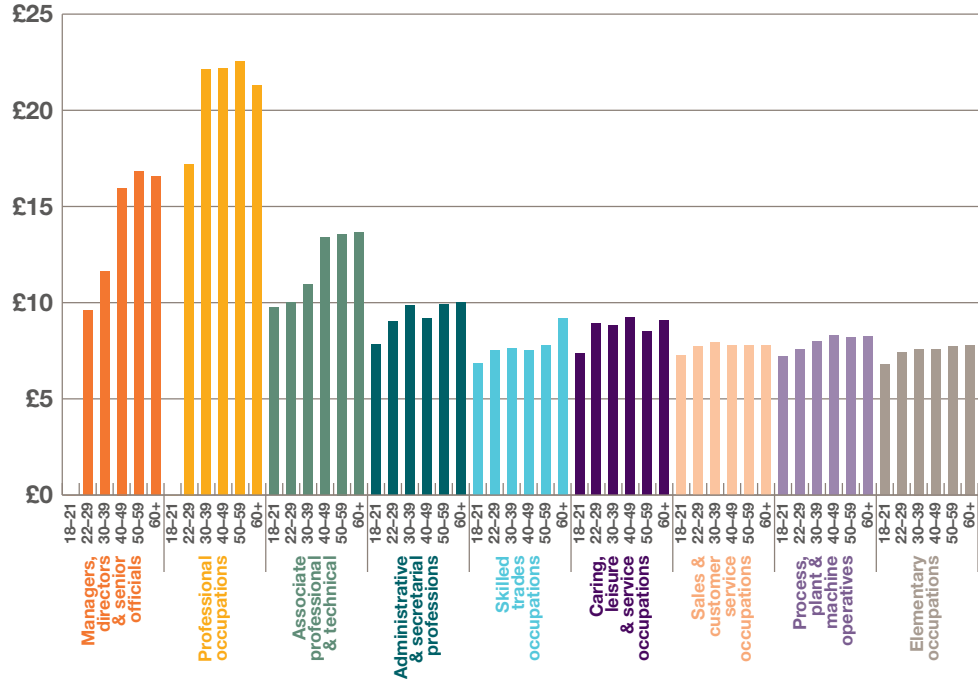


Source: Office for National Statistics, *Annual Survey of Hours and Earnings: 2015* (ONS 2015d)

Part-time employees have very different patterns of earning across the lifecycle (see figures 4.5a and 4.5b). Median hourly wages are lower at all ages (except for managers and professionals), and men’s and women’s earnings are very similar, largely because men in part-time work have substantially lower wages than full-time employees. In addition, the pattern of limited increases in earnings for women in roles other than managerial and professional ones is even more marked among part-time workers.

FIGURE 4.5A

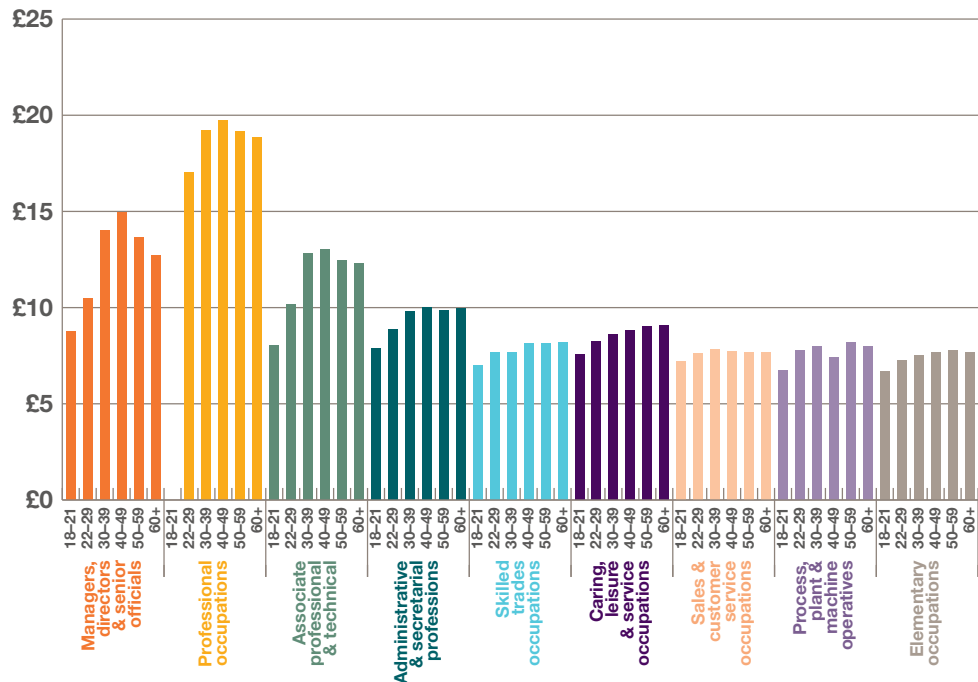
Median hourly wages (£) for male employees in part-time jobs by age group and type of occupation, 2015



Source: Office for National Statistics, *Annual Survey of Hours and Earnings: 2015* (ONS 2015d)

FIGURE 4.5B

Median hourly wages (£) for female employees in part-time jobs by age group and type of occupation, 2015



Source: Office for National Statistics, *Annual Survey of Hours and Earnings: 2015* (ONS 2015d)

These lower wages for part-time workers are potentially problematic given the widespread suggestion that flexible or part-time work could provide a useful transition out of the labour force for older workers. Where extended working is a choice, undertaken primarily for personal or social reasons rather than primarily because of financial need, this raises fewer difficulties (although objectively it may be unfair if part-time employees are paid less than full-time ones for equivalent work). But for workers with a pressing financial need to work, equitable treatment for part-time employees is important.

4.4 REASONS FOR WORKING UNTIL AND BEYOND THE SPA

A combination of factors probably influences most decisions to retire. These may include:

- ‘push’ factors, including illness and disability (often the most important issue), lack of suitable work, dislike of a job, discrimination, a sense of being unappreciated at work, poor workplace relations, changes to a long-term job, lack of job control, job insecurity and redundancy
- ‘pull factors’, including financial security, a desire to spend time with family, other interests to be pursued in retirement, *good* health (which makes these more viable), illness of a family member and caring responsibilities (Schultz et al 1998, Phillipson and Smith 2005, De Preter et al 2013, DWP 2014b).

The quality of retirement experiences is ‘coloured’ by whether retirees feel that they have been ‘pushed’ or ‘pulled’ (Schultz et al 1998), and indeed whether the factors themselves are positive or negative (so caring for grandchildren may be a ‘positive’ pull, illness of a spouse a negative one). Similarly the quality of work for older people will play a large part in whether the need to remain at work for financial reasons also brings social and personal rewards. Marmot (2015) noted that:

‘People whose work is their pleasure... are only too pleased to stay on working. More generally, the nature of work affects people’s desire to keep on doing it... A study of fifteen European countries found that the more jobs are characterised by imbalance between efforts and rewards, the more likely people are to declare that they intend to retire... Keep the jobs lousy and it is hardly a surprise if people are not keen to go on doing them.’

Marmot 2015: 216

Both high levels of education and low levels of wealth are associated with working until and beyond the SPA (Phillipson and Smith 2005, Banks et al 2010, George et al 2015). This could seem contradictory; better-qualified workers are more likely to be financially better off, and thus in a good position to retire. But money is only half the story; work has social and intellectual rewards that may outweigh the opportunities for a financially comfortable retirement. People who delay retirement cite the importance of work in maintaining self-esteem, identity, social contact and the avoidance of isolation and loneliness (Nilsson et al 2011, Altmann 2015). A lack of social contact or opportunities to meet with people outside the immediate family can be a problem for older people,

especially the recently retired, the bereaved and those with heavy caring responsibilities (AgeUK 2011, Marmot 2015).

Those with low wealth are more likely to lack pension and asset provision, although they too may have non-financial reasons for continuing to work. Dini (2009) found that men in intermediate occupations were more likely to remain in work than those in higher managerial and professional or semi-routine and routine roles, which may reflect generous pension provision for the former and worse health for the latter.

Despite the development of financial incentives to extend working lives, across the EU only around one-fifth of post-SPA workers cite this as their primary reason for continuing to work. For most, 'motivation largely comes from other factors... contact with colleagues, learning, and opportunities to contribute to society' (Eurofound 2012: 1). Some studies actually identify an *increase* in the desire to continue working as the SPA approaches (for example, Osila and Nurmela 2012). In a recent UK survey (DWP 2015b), over half of respondents aged 50 and over who had not yet retired had changed their mind about when they expected to cease working, with the vast majority anticipating a later date than had previously been the case. Of the respondents, 39 per cent expected to work beyond the age of 65 (the SPA for most of those in the study), and just 15 per cent of those not currently retired and below the age of 60 wanted to retire before the age of 65. There is also a growing trend for retirees to *re-enter* the labour force. This probably reflects both opportunity (entrants tend to be younger retirees who are in better health) and financial need (re-entrants may have poorer pension provision, dependent children or not own their own home) (Cahill et al 2011).

Disadvantages that operate throughout people's careers will persist or even become more acute for older workers. In particular, those with few or no qualifications and those employed in low-paid, low-status work will often have the most negative experiences, finding it harder to negotiate adaptations to their work or to succeed in the job market (George et al 2015). Those with higher levels of education are more likely to continue to work after the SPA, and less likely to be or to become unemployed (Osila and Nurmela 2012). By contrast, workers with low socioeconomic status are more likely to leave the labour force for a variety of reasons (Schuring et al 2013). Across Europe, the group whose employment levels have fallen most dramatically is that of 'low-skilled men' (Eurofound 2014), and older people who find it difficult to get a job after a period of unemployment are often among those 'already disadvantaged in the labour market well before retirement' (Eurofound 2012). Radl (2013) found that social class was more strongly associated with differential experiences of retirement than *any* other socioeconomic factor, and in particular with involuntary retirement due to 'push' factors.

5.

EXTENDING WORKING LIVES: POLICIES AND IMPACTS

Employing older workers brings a range of benefits. The vast majority of employers in a 2015 survey were positive about the skills of older workers, felt that training them represented a good return on investment and considered, despite prevailing stereotypes, that this group were willing to learn. Experience, reliability and the ability to mentor younger workers were also found to be among the advantages of an older workforce (DWP 2015c). An analysis of 41 organisational case studies in 11 EU countries (WIER 2006) found that, despite declining ability to undertake heavy manual work or operate under considerable time pressure, older workers were valuable in ‘jobs requiring substantial knowledge-based judgement exercised under more limited pressure of time and benefiting from high levels of social skills and awareness’ (WIER 2016: xiii).

In an ageing society, many businesses, especially those in the services sector, need a workforce that understands the issues faced by an older client base (Eurofound 2012). Dares (2010) reported that the majority of employers in a study of the retail sector believed that older workers were beneficial because of their experience, teamworking skills and business knowledge; around a half thought that it was worthwhile making adaptations to workplaces or to working hours to retain them. Similarly in the social care sector, older people may make particularly suitable recruits because of their interpersonal skills and empathy with clients (Manthorpe and Moriarty 2009).

5.1 PHYSICAL AND MENTAL CAPACITY

Among the cumulative impacts of ageing are ongoing experiences of learning, socialisation and making judgements. Ilmarinen (2001a) carried out a comprehensive analysis of how the changes associated with ageing are relevant to employment. Physical health generally begins to decline in people aged 45–50, with reductions in cardiorespiratory and musculoskeletal capacity, although the latter in particular can be maintained with great success where regular exercise is undertaken.

However, some mental characteristics actually *strengthen* with age, including wisdom, sharp-wittedness, the ability to deliberate, reason and comprehend the ‘big picture’, verbal skills, life control, the ability to apply experience and work commitment, high levels of motivation, engagement in learning and workplace attendance. As a result, ‘the job performance of older workers has been shown to be at least as productive as that of younger workers’ across both ‘skill demanding’ and ‘speed demanding’ jobs (Ilmarinen 2001a). These observations on the personal and attitudinal

characteristics of older workers are widespread (for example, Zhan et al 2009, Loeppke et al 2013).

Ilmarinen (2001a) suggests that an equitable and ‘ethical’ solution would involve general reductions in the physical load involved in the jobs undertaken by people over the age of 45, accompanied by opportunities for retraining and redeployment. However, this may not always be practical within an organisation that specialises in a physically demanding area of work, for example construction. Therefore, policies that facilitate solutions *across* workforces within a region are of most value.

5.2 LIFELONG LEARNING

Retention of older workers can help employers to offset skills shortages associated with demographic change (Flynn 2014, Altmann 2015). An important part of this is improving opportunities for training and reskilling. However, lifelong learning represents a potential paradox for employers. While older workers are viewed as willing to commit to learning, and retraining offers an opportunity to switch jobs or continue productive work in an established one, some employers may feel that it is not worth investing the resources associated with reskilling in a member of staff who may plan to retire in a few years’ time or who may experience a ‘health shock’ and leave unexpectedly.

Training programmes may be unappealing to workers ‘with limited histories of formal and even informal learning’ (WIER 2006: xi). However, these groups may be *precisely* the ones who could benefit from support in changing jobs in late career, if they are in manual roles and poor health. Workers in certain occupations – in particular semi-routine or routine jobs – may in practice have limited options for redeployment through skills development (Phillipson and Smith 2005), particularly within their current organisation.

Training and reskilling is often approached on a ‘just in time’ basis to meet immediate business needs rather than address the long-term career trajectories of workers. A large-scale shift to provision that supports the extension of working, especially among people without much prior engagement in learning, would demand first of all a new kind of partnership between human resources provision within businesses, and local or national government agencies that have an interest in prolonging engagement in work. Training might well take place outside companies. Small and specialised businesses are not really in a position to meet the potentially diverse needs of their workforces, but savings associated with extended working could help to fund such (re)training. Specialist training and reskilling provision for older people could use a model similar to the apprenticeships system for labour market entrants, alongside ‘adult learning loans’ and formal career reviews (Altmann 2015).

Crucially, these measures should target workers who are not yet in the ‘older’ group, treating lifelong learning interventions as ‘preventive measures’ similar to those associated with health. The aim should be to ensure that reskilling and preparation for any necessary redeployment are undertaken well before they are urgently required (Phillipson and Smith 2005, Barnes et al 2009). This kind of early intervention would also make sure that investments in training are maximised, as associated benefits

could start to kick in well before retirement is on the horizon. There is evidence that training and development specifically designed for older workers is effective (Armstrong-Stassen and Ursel, 2011).

5.3 EMPLOYMENT PRACTICE

5.3.1 Age management

In general, employers who are interviewed about their views on employing older workers express positive sentiments about doing so. However, relatively few have active policies for managing an age-diverse workforce and approaches to support for extended working tend to be somewhat ad hoc. In a 2015 survey, 35 per cent of employers said that they offered the opportunity to work part-time while 33 per cent said that they offered flexible working and 29 per cent made gradual reductions of hours available. However, 32 per cent offered no specific provision. When asked why no policy was in place, the most common response (from 28 per cent of respondents) was that relevant issues were ‘managed on a case by case basis by line managers’ (DWP 2015c: 7). This may be accomplished extremely well in many instances, but it does little to help normalise extended working.

McNair et al (2007) found a wide range of different practices in relation to the employment of older workers in their qualitative study of 70 UK companies. Large private companies and public sector organisations were more likely to use formal structures and processes to manage an ageing workforce and to meet age discrimination legislation. Smaller businesses varied greatly in their approaches. Some were genuinely ‘age blind’ and operated similarly to bigger firms, but others had ‘very strong preferences for particular age ranges and rigid retirement policies’ (McNair et al 2007: 14).

As with training, companies may benefit from specialist external support in age management. Establishing a national base on which they can draw will help to improve practice across businesses.

5.3.2 Employer incentives

Many studies (for example, Business in the Community 2015, DWP 2015a, George et al 2015) found that older workers had frequently experienced overt, covert or cultural discrimination. Employers generally had a good awareness of age discrimination legislation but this did not always feed through into workplace practices and cultures. Paradoxically, there is even some evidence that high levels of awareness can *inhibit* the development of specific policies to support older workers or address the issues they face, because of anxiety over discriminating against younger groups (Parry and Harris 2011).

In some countries, legislation has been introduced to give age discrimination legislation ‘teeth’, but the evidence for its effectiveness is scant. For example, the ‘Delabande contribution’ in France meant that employers who dismissed older workers were required to make a specific payment, but this is estimated to have had only a marginal impact on retention, and unclear impacts on recruitment (OECD 2006: 114). Incentives to encourage the employment of older people

seem to fare better (OECD 2006; Business in the Community 2015). For example:

- employer social security contributions may be reduced when older workers continue to be employed in numbers (as in Austria, Belgium, Italy, Norway and Spain)
- employers may be exempted from paying part of the disability benefit contribution for older employees (as in the Netherlands)
- subsidies could be paid for the recruitment and retention of older workers, in particular those who have experienced redundancy or unemployment (as in Austria, Finland, Germany, South Korea and elsewhere)
- subsidies and grants could be granted to help employers to adopt and establish relevant arrangements, including additional opportunities for flexible working.

5.4 WORK, HEALTH AND EQUALITY

Vaughan-Jones and Barham (2009) suggested that, in an ageing labour market, proactive investment in preventive and promotional health measures could give businesses a competitive advantage. Employees (of all ages) who are in good health may be up to three times as productive as those suffering from the effects of a short- or long-term condition, while ‘presenteeism’ by sick workers may be *more* costly to employers than staff absence (Shreeve et al 2015). So investing in preventative and proactive measures may support both employee and employer interests. It also has the potential to reduce health and social care costs (Bloom et al 2008), bringing wider social benefits.

The management of health conditions in the workplace is critical to supporting extended working. Established mechanisms may require substantial reforms (DWP 2015d) that address both general health and the impacts of particular jobs. Marmot et al (2010) identify six policy areas that have implications for health inequalities, two of which relate to work:

- quality of employment: psychosocial factors (working hours, quality of workplace relationships, security of tenure and control over work activities) and material hazards
- unemployment (and its association with poverty, stress and the loss of identity and social integration).

In addition, noncontinuous or insecure employment is associated with poor health and early retirement (Schwatka et al 2011), while good working conditions throughout the lifecourse increase health, wellbeing and the likelihood of participation in socially rewarding and productive activities in retirement (Wahrendorf et al 2015).

As well as avoiding work absence or retirement due to illness, interventions to improve health have an impact on productivity. Several studies showed that ‘impairments due to health problems were more important for productivity loss at work than the health problems themselves’ (Alavinia et al 2009: 331), and illness-impaired work through ‘presenteeism’ has been estimated to be more costly than absence (Shreeve et al 2015).

5.4.1 Workplace-based health programmes

Most people spend a large proportion of their time at work, which makes this ‘an ideal site on which to focus a range of health and physical activity interventions’ (Barnes et al 2009: 110). For example, work-based programmes of health testing and intervention have some success in improving the health of otherwise ‘hard to reach’ groups (Abbas et al 2015). Health awareness programmes that target both general health and, where appropriate, job-specific factors have a reasonably good rate of success, especially where they involve long-term, holistic and ‘embedded’ activities rather than one-off programmes. Workplaces may already have some of the mechanisms in place to kick start this kind of provision; for example, there are successful examples of the integration of occupational health measures with established health and safety training (Robroek et al 2013). And programmes that are integrated into the working day so that they eat into as little leisure time as possible are also likely to gain buy-in. For example, excellent health outcomes are associated with active travel to work as well as with exercise as a leisure pursuit (Andersen et al 2000).

Findings from the US suggest that participation in a workplace health programme is associated with lower health costs. In the US, a range of tools is available to employers seeking to establish programmes of this kind, including the *Safewell practice guidelines* produced by the Harvard School of Public Health (McClellan et al 2012), a set of practice guidance and a scorecard produced by the Centers for Disease Control and Prevention (CDC 2016) and a toolkit for managing health and productivity produced by the American College of Occupational and Environmental Medicine (ACOEM 2008).

Interventions with *midlife* adults may be highly effective in preventing ill-health at older ages (Kendig et al 2015). Workplace health activities that start well before the age at which workers consider themselves close to retirement are effective because they help good habits to become ingrained and individuals and working environments to gain a ‘culture of health’; this is the conclusion of Loeppke et al (2013) in their study of the implementation of health protection and promotion programmes in workplaces in the US. However, this will – once again – need a shift in cultural attitudes and perceptions of what is ‘normal’.

In the UK, the integration of health and social care offers opportunities for local work of this kind. Shreeve et al (2015) identified examples of good practice, including making employment issues a priority for public health teams, and the integration of health and wellbeing programmes with those for skills and employment. These could include co-commissioning of health and employment services between local authorities and clinical commissioning groups. In the long term, such provision could lead to the kind of high-level expert guidance described by Loeppke et al (2013). They suggest that the public sector can lead by example in developing programmes to improve employee health and wellbeing.

To be fully effective, these programmes will need to be accompanied by changes in approaches to managing health in the workplace, including:

- the effective use of technology and design, including adaptive technologies (and possibly the use of aspects of automation as this technology becomes more established), with proactive

advice and support to help employers identify the best solutions for their business

- good management of ‘everyday’ hazards such as ‘slip and trip’ issues, which have potentially graver consequences for older workers than for younger workers
- proactive HR practices to manage health and other aspects of ageing
- better access to specialised occupational health support, including multiple assessments, and greater awareness of effective measures for making adjustments
- the integration of workforce health into standard business measures so that the benefits of good practice can be demonstrated in financial accounting statements.

Programmes could also address aspects of work that are associated with long-term ill-health or with early retirement, such as those discussed in section 3.5. The Institute of Health and Safety (undated) reviewed the occupational health literature to identify good practice for the promotion of health and safety among older workers, in particular those in physically demanding roles. These included physical adaptations but also changes to ‘work rest’ schedules, training for accident prevention and – once again – general health promotion interventions that are accessible right across the workforce.

5.4.2 Emotional labour and emotional health

As well as physical labour, ‘emotional labour’ and the stress of work responsibility *or* a lack of control over one’s work can be associated with ill-health (Goldgruber and Ahrens 2009) and with the decision to retire early. Houtman and Geuskens (2011) found that both heavy physical demands and the high emotional demands of professions such as healthcare, social work and teaching were predictors of not being able to continue in a job. Work that is highly emotionally involving can be ‘double edged’, offering high personal, status and sometimes financial rewards as well as a sense of autonomy; however, it may also lead to stresses including high levels of responsibility for situations that are partially outside one’s control and the need to repress anger in some situations (Briner et al 2008).

Interventions that promote empowerment within the structures of an organisation can improve job satisfaction and also employee health (Wagner et al 2010). For example, Hillage et al (2014) in a review of the literature found a consistent relationship between certain kinds of supervisory and management practices and employee wellbeing and satisfaction as well as some aspects of health. These positive approaches included an open and approachable style, being consultative, clearly fair, flexible as far as is practical, and recognising good performance and the importance of employee safety. A lack of job control is among the issues cited by late-career workers for contemplating early retirement. In addition, the relationship between poor health and perceived job insecurity is well established (Sparks et al 2001). The potential impact on the wellbeing and behaviours of older workers of working conditions that are increasingly perceived as ‘precarious’, especially for low-paid and low-skilled workers, is yet to be seen.

5.4.3 Rethinking work – the ‘Work Ability’ approach

Changing employee behaviours and employer practices can support an ageing workforce, but could work *itself* change too? The ‘Work Ability’ approach aims to ‘promote the Work Ability of workers and workplaces’ (Tuomi et al 2001: 319), distributing responsibility for the quality and extension of working lives. Ilmarinen (2001b: 623) suggested that it offers a solution to the ‘rather grim situation in which economic issues and human values contradict each other’ with regard to the employment of older workers. Work Ability is particularly associated with Finnish initiatives to help older people remain in the workplace, and it is considered to be one of the factors that has contributed to the high rates of labour market participation among older Finns. It has been applied particularly to sectors where factors such as physically demanding work mean that the challenges for older workers are acute. Resource inputs are initially high, but Work Ability is associated with positive outcomes where it is implemented (Ilmarinen 2001a, Parry and Harris 2011).

The central principle of Work Ability is the consideration of how people interact with their working environment. As commonly applied, it involves analysing workplace settings using an ‘orientation matrix’, which brings together problems, opportunities and aims in three work-related dimensions: the individual, the enterprise and society. This facilitates ‘control’ of complex situations and the development of ‘structural solutions’ (Ilmarinen 2001b: 635). Health is central, but skills, autonomy and responsibility, and even motivation and orientation to work, are also included. Both management and workers are treated as responsible for the Work Ability of a workplace, with a mutual investment in its effective running (WIER 2006).

Welch (2009) examined the application of Work Ability to the construction sector, arguing that it can make a real impact where implemented holistically. This includes a combination of individualised and organisation-wide measures, such as rehabilitation programmes after injuries alongside comprehensive health promotion programmes. Highly specific sectoral interventions are also recommended. For example, in construction these include training programmes and adjustments that address the particular physical challenges of specific groups of workers (van der Molen et al 2005a, Welch 2009). Construction workers face particular challenges because their workplace changes on a regular basis; a Work Ability approach includes dedicated training to help manage this (Welch 2009).

While Work Ability is widely accepted in some nations, its effectiveness still depends strongly on workplace cultures and employer engagement (van der Molen et al 2005b). An ongoing monitoring project (the ‘national barometer’), which examines its use in Finland, found that the approach is widespread, popular, and associated with economic benefits. In a study of its impact on quality of work, productivity, health and satisfaction with work, Tuomi et al (2001) found significant positive effects in all of these areas. Factors associated with good outcomes included opportunities to use and share knowledge and experience, and improvements in tasks, tools and working environments. Small adjustments such as allowing workers to sit down were found to be effective, while negative impacts came from

awkward postures or environments, poor management practices and general indicators of poor health such as obesity or smoking.

5.5 FLEXIBLE WORKING AND ENTREPRENEURSHIP

One important enabler for extended working life is the opportunity to move to part-time or flexible work. This is the preference of many older workers (Eurofound 2014, Marmot 2015), and a transitional period of reduced hours has become relatively common between full-time work and retirement. The literature overwhelmingly supports the view of Cahill et al (2011) that retirement has effectively become a process rather than a fixed point in time.

The move to flexible or part-time work can accommodate caring responsibilities or make it easier to manage health and physical capacity issues (DWP 2014b, Business in the Community 2015, George et al 2015) or manage fluctuating medical conditions (Steadman et al 2015). Research into effective practice for extending working lives has highlighted the importance of providing opportunities to ‘taper’ retirement (Zhan et al 2009). In a recent survey (DWP 2015b), the majority of respondents expressed a preference for tapered retirement, with at least some period of flexible or part-time employment. And some studies have found an association between flexibly organised workplaces and lower levels of retirement on the grounds of disability (Lund and Csonka 2003).

However, the extent to which this can be made available to workers, and the *quality* of opportunities for work of this type, are relatively limited. ‘[H]igh quality flexible working may only be open to a relatively limited number of occupational groups, notably those already well-placed in terms of labour market position’ (Phillipson and Smith 2005: 5). In particular, people with a background in routine or semi-routine work, including many lower-paid and lower-status service roles, may have to ‘trade down’ to a less desirable or less secure job in order to go part-time or work flexibly. And others may simply not have the option of changing their working patterns – or lack the confidence to press for such an adjustment if it is not offered. Good communication, in particular within organisations, is essential to maximise existing opportunities. Employers need to identify and publicise the alternative working arrangements that are practical for their organisations, and employees must have channels to voice their needs (Barnes et al 2009).

Specialised employment agencies of the kind discussed in section 5.7 could provide opportunities for workers to shift jobs to gain flexibility or reduce their hours, rather than adapt within their existing role or company. In the US, some workers who are close to or beyond the SPA enter ‘bridge jobs’, sometimes following a period of economic activity because of unemployment, ill-health or a decision to retire that they later reversed. A bridge job may represent a continuation of the worker’s earlier career or a partial or complete departure from this (Cahill et al 2006). Like all kinds of extended work, bridge jobs are more common among low-wage/low-skill workers and high-wage/high-skill workers than those in the ‘middle’ of the labour market, probably reflecting economic necessity in the first case, and interest, personal fulfilment and opportunity in the second.

In the UK and elsewhere, a common type of bridge job is self-employment or entrepreneurial activity. For example, in 2014, 42.9 per cent of self-employed people in the UK were aged 50 and over (Business in the Community 2015). In both the UK and the US, self-employment and entrepreneurship are common forms of late-career employment (Cahill et al 2007, Cox et al 2014). The attractiveness of this option is clear: it offers the potential for high job control, and also for personal fulfilment, flexibility and the opportunity to tailor one's own working patterns around other factors such as health or caring. Policies to support older entrepreneurs could be part of the 'offer' of organisations helping older workers to move out of their established companies or roles (see section 5.7).

Some caution is needed over the potential of entrepreneurship for older workers, however. Businesses founded by older people have a survival rate. Around 70 per cent are still trading after three years (Cox et al 2014), well above that for all new enterprises, which probably reflects the experience, interpersonal skills, credibility and expertise of this group. However, it may also result from the need for some to keep a business going in the face of poor outcomes – primarily because they have no other options, where a younger person might return to employment. The success of new enterprises is associated with the amount of capital invested in them at the point of start-up, and older entrepreneurs are likely to have substantial assets to put into their businesses. But if that 30 per cent that cease to trade includes some failures that have eaten up the entrepreneur's life savings, house and resources for retirement, then there is room for better advice on how to become an older entrepreneur – and on whether this is the right route in individual cases.

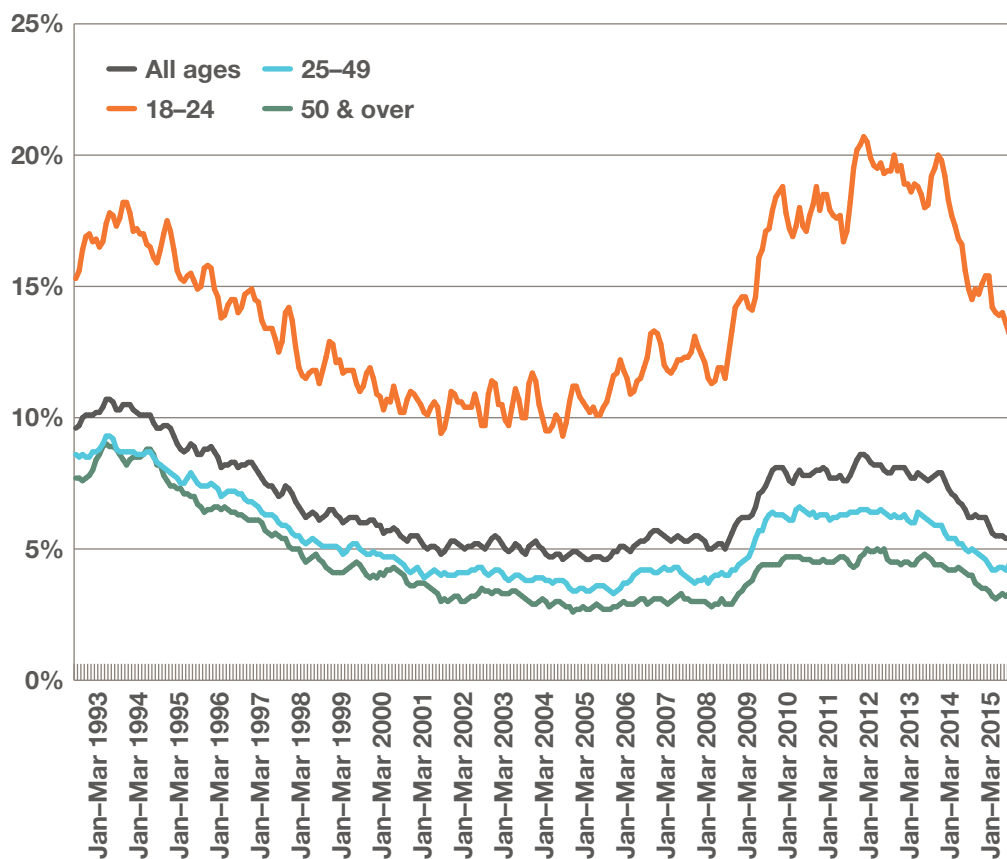
5.6 OLDER JOBSEEKERS

Figure 5.1a shows the unemployment rate for people in different age groups in the period between March–May 1992 and April–June 2015. Unemployment fell slightly for people aged 50 and over from 1996, although the reduction in their rate of unemployment after the 2008 recession was marginally less marked than that of younger groups. The low overall rate of *unemployment* sits alongside a relatively high rate of economic *inactivity* for people aged 50–64 (just under 30 per cent in 2015, compared with about 15 per cent for people aged 25–49), reflecting voluntary or involuntary early withdrawal from the labour market. Actual *unemployment* may be lower because fewer people of this age want or are able to work.

Figure 5.1b shows the percentage of unemployed people in each age group who had been out of work for 12 months or more during the relevant period. Although the figures are relatively high for all age groups, they are most striking for people aged 50 and over, of whom almost half had been unemployed for a year or more in 2014. This is clearly a post-recession trend; following a fall to 2009 there was a spike in 2010 and an increase thereafter – even though for other age groups the 'jump' was smaller and things improved slightly between 2013 and 2014.

FIGURE 5.1A

Unemployment rate over the period March–May 1992 to April–June 2015, for people in different age groups (%)



Source: Office for National Statistics, 'Unemployment by age and duration: people (seasonally adjusted)', data release (ONS 2015e)

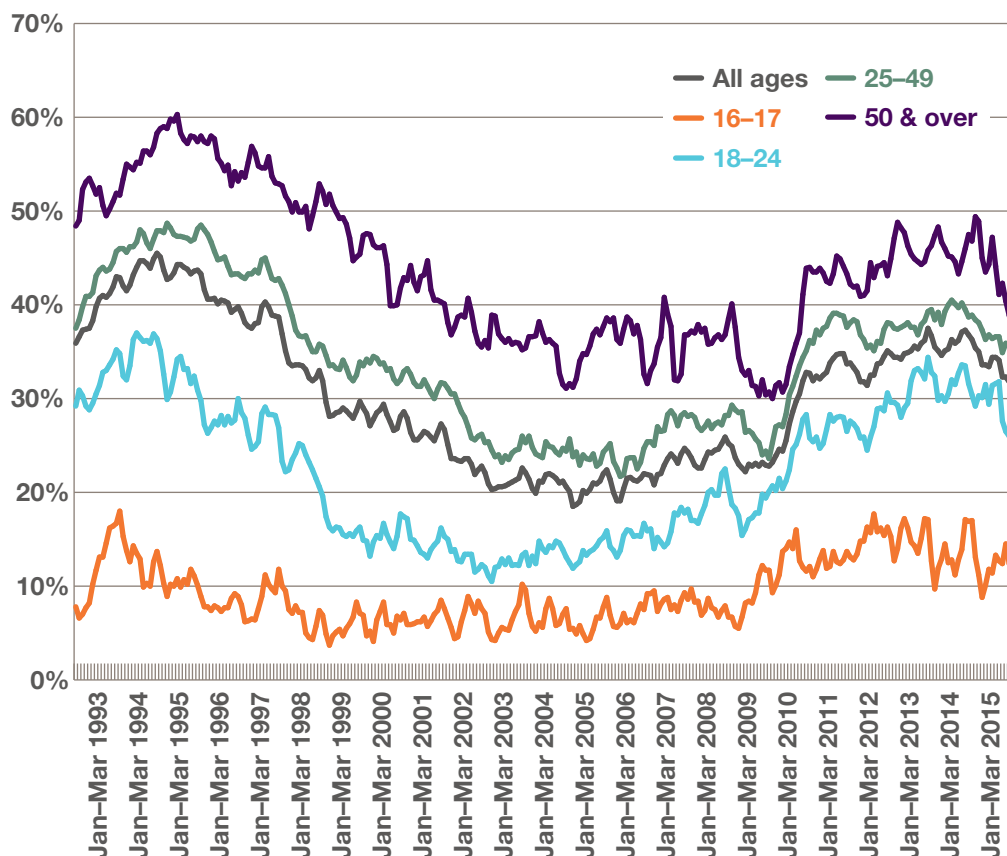
This confirms the finding that life can be difficult for older jobseekers, including those who are compelled to leave work for health or personal reasons (such as caring). There is also some evidence that older people are more likely than younger ones to be made redundant (Flynn 2014). The majority of interviewees in a recent UK survey felt that it is difficult for older workers to get another job if they become unemployed. Of people who had experienced late-career unemployment and subsequently found work, 57 per cent *disagreed* that it had been easy to do so. Shockingly, 53 per cent felt that employers had not been interested in hiring them because of their age – a finding that suggests that age discrimination, while illegal, is still all too common in practice. Responses were very similar for those who were still without work (DWP 2015b). This is despite substantial levels of *willingness* to work among older jobseekers (Business in the Community 2015).

Discrimination is not the only problem reported. Support for jobseekers may be designed primarily around the needs of younger workers, resulting in poor outcomes and experiences. In 2010, a set of measures was introduced to improve provision for Jobseeker's Allowance claimants over the age of 50. These included improving access to work trials,

additional adviser time, specialist training for advisers and eligibility to be ‘fast tracked’ for specific programmes.

FIGURE 5.1B

Percentage of unemployed people in each age group who had been out of work for 12 months or more over the period March–May 1992 to April–June 2015, for people in different age groups



Source: Office for National Statistics, ‘Unemployment by age and duration: people (seasonally adjusted)’, data release (ONS 2015e)

However, evidence for the outcomes of this provision is somewhat mixed. In one study (Thomas and Pemberton 2011), advisers were confident that they could meet the needs of older jobseekers, but stressed the need for more ‘bespoke’ provision for older clients. They felt that most older people were highly motivated and keen to return to work. Challenges were reported in ‘getting them to engage with the process of help’, and in particular in persuading them to be flexible about the kind of work they might take. Given the strong association of work with identity, this is not surprising. Those with ‘long job histories’ faced particular challenges and could find the jobcentre alienating. People seeking reduced or flexible hours also had difficulty in finding suitable work (Thomas and Pemberton 2011). Other research suggests that generalised programmes of employment support, such as the Work Programme, have limited success in supporting older jobseekers into work and should be tailored to meet their specific needs. Proposed changes include personalised advice, proactive provision of skills support and

training, pilots of specialised interventions, job search training and stimulus of employer demand for older workers (Foster et al 2014).

Research New Zealand (2007) examined the outcomes of a range of specialised initiatives to support older jobseekers. The limited number of evaluations available suggested that ‘holistic’ initiatives (such as the former ‘New Deal 50 plus’ in the UK) have reasonably high rates of success. These address immediate jobseeking needs through one-to-one specialist advice, and also examine wider practical issues (for example, managing debt or caring responsibilities) as well as emotional ones (such as coping with the aftermath of job loss). However, such provision tends to be relatively resource intensive and may rely on small numbers of eligible clients or voluntary participation.

5.7 APPLICATIONS IN THE UK CONTEXT

Over the past decade, good practice in managing an ageing workforce has spread widely through public and private sector organisations in the UK. It is likely that at least some of the increase in working up to and beyond the SPA has been facilitated by these changes.

However, in many cases this work is limited in two key ways:

- ageing is still frequently addressed as an issue for current ‘older’ workers, rather than as a ‘whole workforce’ matter
- adjustments or interventions are often undertaken on a discretionary or case-by-case basis.

Thus, measures to extend working may *not* be standardised, systematic or pervasive, even though this is more effective in bringing about large-scale and long-term change (WIER 2006, Barnes et al 2009, Voit and Carson 2012, Fuertes et al 2013). Even where some of the cases managed are individual and specific, a whole business approach is more likely to be effective (Steadman et al 2015). ‘Limited and piecemeal’ interventions could even *worsen* the employment situation of older workers (Maltby 2011), for example by casting them as the exception rather than the norm, and by the implication that special requests and disruptive, individualised changes are needed.

Factors that support improved practice and provision include the following:

- **HR practices that address ageing as a mainstream issue.** Specific training and engagement for HR staff appear to be limited (Armstrong-Stassen and Templer 2005), with a need for both cultural and policy changes. This extends through organisational behaviours beyond the HR department; line managers play a crucial role in shaping organisational cultures that are positive about older workers and their options, and also in individual decisions over whether to retire or remain in work (Parry and Harris 2011).
- **Comprehensive guidance for employers on effective strategic measures for their sector and business, and how to implement these.** Many organisations ‘tend to be data poor, or unsighted on a range of fronts in the later working life domain’ (Weyman et al 2013: 9) and better evidence is needed. The importance of expert sector-specific guidance, delivered in partnership with organisations

that have established credibility in a sector, is clear (Strudwick and Kirkpatrick 2013).

- **Scaleable and strategic measures with the aim of making extended working accessible across the workforce, rather than making it available on request.** These should address both practical *and* cultural factors.

All of these, of course, demand resources including good-quality information, advice about how to implement things locally, and time and money. These may be beyond the reach of many small businesses, particularly those in sectors where the majority of workers will face challenges due to physical demands of the work or where opportunities for job redeployment and flexible working are limited. Proactive support for employers needs to come from government, centrally or locally. For example, this could include bespoke help for small- and medium-sized enterprises, offered through partnerships between different stakeholder groups; these would include public sector organisations (such as local authorities and health and wellbeing boards), working with local enterprise partners and businesses. Large employers may be in a position to influence and support companies in their supply chains (Shreeve et al 2015). Targeting employers via intermediaries is particularly valuable, and sector bodies are potentially important members of partnerships (Strudwick and Kirkpatrick 2013).

Lee and Mason (2011) suggest that responses must be congruent both with specific formal systems for the reallocation of resources and also with circumstances and cultures. They apply this argument to the need for interventions at *country* rather than *international* level, but the same argument applies to the devolution of policies within a country, where each region has a distinctive history of work and health, as well as a distinctive set of demographics. Devolution offers an opportunity to tailor measures to the populations and sectoral mixes of regions and sub-regions. The current round of devolution deals includes provision in relevant areas such as economic development and skills provision, and – perhaps most importantly – moves towards local control of elements of health and social care.

As well as working with employers, state agencies can also help to establish bodies to support older workers who may not be able to remain with their former employer. These could also be important in addressing the issues faced by older jobseekers that are outside the regular remit and competence of organisations such as Jobcentre Plus. Internationally there are numerous examples of collective approaches to the employment of older workers which operate by pooling resources, expertise and opportunities between businesses, employer and sectoral organisations, trades unions and government, for example:

- The Dutch temporary job agency Pittig promotes the advantages to employers of recruiting older workers, and advises on financial and policy issues. Pittig also works with a ‘media partner’ to raise awareness of its work, and supports older workers in finding new roles that match their health and personal circumstances. Despite some successes, it has generally been easier to find retirees seeking work than companies to employ them (Eurofound 2012: 60).

- In the Netherlands, an association of around 200 employers working with a labour union employs recent retirees, operating as an 'executive organisation'. These employees are then placed on short contracts (which can be extended indefinitely) with diverse employers. Thus, the employer's risk of losing an employee to long-term illness or other personal factors is limited and retirees have a better chance of gaining employment (Eurofound 2012: 61).
- In Singapore, a partnership between employers and workers' organisations supports the recruitment, retention and redeployment of older workers; Singapore has an employment rate of 66 per cent for people aged 55–64 (Business in the Community 2015: 23).
- In Japan, the well-established Silver Human Resources Centers work with older employees to identify suitable late-career and redeployment opportunities. These are described in detail by Cox et al (2014) and a detailed discussion is offered by the International Longevity Center of Japan (undated).

6. RECOMMENDATIONS

6.1 MAINSTREAMING EQUITABLE AGEING

'Late-career labour markets and employment regulations should develop in such a way that older workers, women as well as men, are not restricted to the option of staying longer in the same job, but can also more easily find a new job with another employer and with working conditions and working times that match their abilities, needs and preferences... including as self-employed.'

European Commission 2015a: 4

The recommendations set out in the next section propose actions for devolved local areas in England, to accompany central government reforms to pensions, legislation on working and welfare provision for people at or approaching the SPA. Some changes to national frameworks are also proposed. Without systematic, equitable and practical measures to make work accessible to people who want and need to work, financial incentives not to retire will have little impact. And the decision not to retire, as discussed in this report, depends on many factors aside from economic rationality.

Potential older employees need work that is geographically and physically accessible, and suitable for their experience, skills, abilities and qualifications. For some it may be possible to continue in their established occupation, but this will not be the case universally. Physical illness or disability may make it impossible for older people to maintain their earlier roles, and older workers are also vulnerable to redundancy. Employer practices can support the recruitment and retention of older workers, and facilitate transitions of various kinds. Piecemeal approaches to accommodating older workers, in response to individual circumstances or requests, are less effective than 'whole workforce' measures that make workplaces 'age-friendly' by default.

Individuals and employers must start to plan for working in late career well before they become 'older workers' and they need better information about how to do this. This includes people from socially isolated groups and those whose experience of work may be relatively isolated, for example limited to one type of job or a single sector. There are choices to be made by younger workers, whose actions now will shape their options – and their health – later on. Retraining that might represent a poor use of resources for someone less than a decade from retirement is a much 'better' investment for someone in their late 40s with 20 years or more in the workforce.

The proposals made here address inequalities that relate to different kinds of employment. Their relevance and implications for individuals will vary depending on different histories of access over the lifecourse

to education and training, and to different levels of income, job control and career progression. Working to a large extent at local and sectoral levels offers the opportunity to address both broad health issues and those associated with particular sectors of employment. It will allow refinements to the design and implementation of policies to address trends shaped by local labour markets and community factors.

For the most part, these measures are systematic rather than ‘person centred’ in that they do not treat employment as the sole responsibility of the individual. Rather, they focus on relationships between individuals, communities and work. However, elements within them will include highly person-centred components, and they would sit ‘easily’ among person-centred programmes such as those designed to support older people who have been unemployed for a long time.

In their focus on providing a context in which extending working life is easier for a range of older people, the recommendations set out in the next section sit closely alongside the areas of policy for extending working lives proposed over a decade ago by Phillipson and Smith (2005):

- improving choice and control in the transition to retirement, including improved information about how to fund retirement
- access to training and continuing education, including better information about how this can benefit both employers and employees, with regional and local initiatives targeted at older people to stress the advantages of reskilling
- ill-health and disability measures, especially for men in routine and manual jobs, taking a preventative approach
- support for informal carers
- better opportunities for flexible employment across sectors and types of work
- policy that acknowledges the complexity of retirement in a complex world (adapted from Phillipson and Smith 2005).

6.2 RECOMMENDATIONS

In this section we make three key recommendations and various subsidiary recommendations which support and elaborate these.

Key recommendation 1: Take a ‘lifecourse’ approach to policies for extending working lives.

Experiences and options in the later stages of working lives reflect the ‘accumulation’ of factors over many years. Thus, many interventions to support extended working lives are effectively preventative and should start in middle age or even youth.

Unique individual lifecourses are shaped within shared social and policy contexts, and in particular places. Regional approaches can identify lifecourse factors that have a strong local impact or offer opportunities at the local level.

An effective lifecourse approach will avoid the difficulties associated with ‘lumping together’ all older people, whether these stem from ignoring inequalities and demographic differences, or from treating a large age range as homogeneous.

Key recommendation 2: Develop regional generational accounts as the basis for planning and evaluating interventions; in the longer term, use these as the basis for some limited fiscal devolution to support investment in interventions through ‘invest to save’ models.

Taking account of regional labour markets and the takeup of financial transfers provided by central government, regional ‘generational accounts’ would provide a useful basis for local planning of public service interventions to extend working lives, and their evaluation over time. They would give a nuanced picture of the impact of community and labour market factors as these relate to particular areas, and to the diversity of communities within these.

In the longer term, these accounts could form the basis for some limited fiscal devolution to support investment in interventions through ‘invest to save’ models similar to those that have been developed in other areas of public services (see Raikes and Davies 2016 for examples and a detailed proposal for their application to welfare support). In the case of policies to extend working lives, an invest to save model could reflect reductions in pension or unemployment expenditure. It could also be linked to public health outcomes associated with interventions to improve general and/ or occupational health that are established as part of initiatives to extend working lives.

Regional generational accounts should specify regional patterns of economic activity over the lifecourse, in the areas proposed by Lee and Mason (2011):

- **consuming** – including the use of financial transfers (such as welfare payments and pensions), asset-based transfers, locally provided services, training and development opportunities and workplace-based health services
- **working** – including wage levels and changes in working patterns
- **sharing** – including informal caring, volunteering, investments (for example, entrepreneurship) and if possible informal transfers
- **saving** – including private pensions, other financial savings and the accumulation of assets such as residential and other property.

Regional generational accounts should include data relating to specific demographic or employment trends within regions, and also to differences in levels of resources or opportunities between people within a local area. This analysis could be used to identify key areas for intervention and to prioritise actions. It would also offer the option of sensitive measures of impact, both financial and social (for example, on health).

Recommendation 2a: Commission analysis of local labour market and social trends and their relationship to ageing.

Regional generational accounts rely on a detailed analysis of trends in local labour markets and communities, in the context of the wider local

economy. This will also be crucial in planning interventions to support extended working. It should include an assessment of the potential economic impact of social, health and cultural factors, as well as the possible savings associated with interventions and the likely timelines for these.

This latter element of the analysis would be important in developing innovative models of invest to save policy and fiscal devolution relevant to extending working lives and outcomes over the lifecourse.

The sectoral mix of a region will determine needs and opportunities for work adjustments and redeployment, and also likely health impacts of particular kinds of work. For example, an account of specific health challenges, such as those associated with particular industries or types of job, is essential. The impact of concentrations of unstable or relatively insecure work may also be relevant. This sort of analysis is best achieved at the broad regional level, with some sub-regional elements where these can add value.

Recommendation 2b: Offer incentives associated with successful actions to extend working lives.

In the shorter term, incentives should be offered to companies and (by central government) to local authorities that implement policies to extend working lives *and* achieve increased recruitment and retention of older workers, with particular reward for those who do better than the ‘baseline’ rates for the region or nation. These might be in the form of two-stage payments, where initial funding is offered to support the development of an intervention and a second element is paid in recognition of success. For businesses, subsidies other than direct payments could make up the elements of ‘development’ and ‘reward’, for example, funding for well-designed training programmes in the first case and subsidy of some part of older workers’ pension contributions in the latter.

Learning from these schemes should be considered in developing further invest to save schemes to support initiatives to extend working lives.

Key recommendation 3: Establish ‘lifecourse work centres’.

A systematic approach to extending working lives must be backed up by expertise, provision for working ‘across’ businesses and regions, support for individual companies and a ‘one-stop shop’ for older workers. We recommend the establishment of regional ‘lifecourse work centres’, similar to Pittig, the Japanese Silver Human Resources Centers and other partnerships, but with an expanded remit as described below. These should be set up by local enterprise partnerships or combined authorities, in partnership with local businesses and business groups, trades unions, training providers, sector bodies and – crucially – health authorities. Staff should include specialists in occupational health and HR.

Experts based in these centres would lead on the projects described in recommendations 3a to 3g, either delivering these themselves or commissioning them appropriately. In addition, these centres would offer an alternative to jobcentres for older workers who become unemployed or need to move jobs, helping them to find work that suits their skills

and desired pattern of working within their local area. The centres could be valuable to older people seeking opportunities for self-employment or flexible work with a reasonable degree of control over hours and conditions of work. Employers could use them to recruit for suitable 'bridge job' opportunities or to seek workers with the experiences and skillsets associated with an older workforce.

Recommendation 3a: Coordinate initiatives to support small- and medium-sized enterprises, particularly in sectors where redeployment opportunities within a single company present challenges.

Small- and medium-sized enterprises may face difficulties in changing their practices. For example, small construction and skilled trades firms with small workforces, mostly engaged in similar physically demanding work, may find it difficult to redeploy older workers or practise workforce rotation. They may also lack the resources to seek out support such as retraining, occupational health analysis or HR development.

One solution is to bring together groups of companies that share similar or complementary challenges. Experts in lifecourse work centres should identify features of the experiences of older workers and patterns of work exit from small- and medium-sized enterprises in similar fields. Initiatives could include:

- the provision of shared workplace health guidance, based on expert analysis of sector- and job-specific factors and the development of approaches to address these, such as opportunities for job rotation within established work and preventative measures with workers in early or mid-career
- awareness-raising to inform employers and employees about opportunities for retraining and for exit to other areas of work or types of employment (including some of the options discussed below)
- fora for peer learning and sharing good practice.

Recommendation 3b: Provide support for self-employment, including sole trading, and for older entrepreneurs.

Older entrepreneurs have high rates of success in establishing and sustaining businesses (Cox et al 2014) and the association between self-employment and extended working is well known. In addition, self-employment or entrepreneurship allow flexibility and high job control and may allow older people to become job-creators. However, self-employment or starting a business may be daunting, particularly for people who have worked as employees for several decades or been 'pushed' rather than 'pulled' to entrepreneurship. And older entrepreneurs may have large resources to invest in their businesses, but the stakes are potentially higher and the risks greater than those for younger people.

Well-publicised support for older entrepreneurs and people seeking self-employment could mitigate some of these challenges. This support could be integrated with other small business and start-up support offered by local authorities and their partners, but should include specific guidance for older people. This might include:

- separate 'tracks' for entrepreneurs and new own-account workers

- information about the relationship between entrepreneurship/self-employment and retirement funding, including detailed help with planning
- support for the transition between employment and entrepreneurship/self-employment
- opportunities for peer support and ‘silver entrepreneur’ networks, along with networking opportunities for own-account and contract workers.

Recommendation 3c: Pilot ‘Work Ability’ approaches in key workplaces and sectors.

The ‘Work Ability’ approach, where holistically and effectively implemented, is associated with strong recruitment and retention among older workers and may also have positive outcomes for the health and wellbeing of younger workers (which then ‘accumulate’ to provide good experiences of work in later life). Local pilots should be set up to test the transfer of approaches of this kind to the UK context.

The proposed local labour market analysis would provide a useful ‘map’ of priority areas for such initiatives, which might include:

- sectors with particular physically demanding challenges associated with the main work activities (such as construction and manufacturing) or sectors with particular demographic patterns of employment, for example a strong gender bias in their workforce, such as construction (male) and social care (female)
- sectors that offer opportunities for older people to ‘redeploy’ to less physically demanding work and to use non-physical skills and abilities such as interpersonal skills, problem solving and working with other older people – these might include retail, customer services, advisory services (in particular those relevant to older people), hospitality and some social care roles
- sectors where a high number of workers are relatively low paid and may experience levels of social deprivation
- sectors with a high ‘emotional labour’ workload, such as teaching or social work – these might include professional occupations with high replacement costs if staff leave early or take sick leave as a result of stress; interventions could therefore offer fairly substantial savings.

Work Ability initiatives should involve expert advice, analysis of specific challenges and opportunities, and close working with employers.

One element of Work Ability that might operate effectively in the UK context is the identification of specific ‘bridge job’ opportunities within organisations, and advice to older workers who might benefit from opportunities of this kind.

Where appropriate, the proposed work with small- and medium-sized enterprises under recommendation 3a should be integrated with this, through sector or other business bodies.

Recommendation 3d: Establish tailored training and skills development.

Local labour market intelligence should be used to develop and provide opportunities for training and reskilling to facilitate the extension of people’s working lives, either with their established employer or in an

alternative position (possibly identified through the activities described in the previous recommendations).

Training and skills development should be designed and provided on the basis of good-quality information about opportunities within companies and at other local employment sites. Employers should be supported to identify how training can help them to allocate workers to alternative roles (thus saving on recruitment costs).

Financial incentives should be offered to employees, for example in the form of interest-free loans or partial subsidies to pay for course fees and encourage takeup of training that is formally associated with opportunities in local labour markets. Other types of incentive could include access to job markets, for example guaranteed interviews or placement in a 'pool' of potential candidates. Demonstrating clear links between training and suitable roles for older workers would overcome some of the reluctance among older workers to engage in training (possibly because it represents a risk of 'wasting' limited time in the workforce if associated work opportunities are not obvious).

Older workers and their employers need good-quality, specific information about the available training and its benefits, and good-quality individual advice about which elements to access. Lifecourse work centres should collate and disseminate this.

Training for redeployment should initially be offered to workers in mid-career. This offer should be accompanied by information on career planning that is specific to the sector they are in, role and, if possible, company and local labour market. Workers would then be clearly aware of the benefits of training and the resources invested in this would yield gains over the maximum period of time. The 'habit' of lifelong learning would also be encouraged, which might support later engagement in additional 'top-up' training, as well as providing a skills base on which to build later learning.

Recommendation 3e: Encourage HR practice that includes discussion of planning for later career and retirement in early- and mid-career appraisals and reviews, as appropriate for sector and role.

HR departments and staff should receive specialist training in offering advice to workers at different career stages about the elements of retirement planning that are useful at each stage. These might include:

- for mid-career workers, checks on pension provision, preventative health management, training opportunities and planning for late-career changes
- for later-career workers, information on training, possible redeployment and financial planning
- for those close to retirement, opportunities for tapered retirement, 'bridge jobs', returning to work after retirement and volunteering after leaving work.

Recommendation 3f: Integrate public health interventions into the workplace.

In addition to collaboration in Work Ability initiatives, opportunities to integrate public health approaches into the workplace should be

examined. This could involve both specific responses to findings relating to the relationship between particular occupations and aspects of health identified in the exercises discussed above, and more general initiatives to support health awareness and longer healthy life expectancies. Examples might include proactive encouragement of smoking cessation or increased physical activity.

Linking these initiatives to observable elements of the working lifecycle might improve takeup. For example:

- small financial or ‘in kind’ rewards for health gains or participation could be associated with holiday periods or festivals
- physical activity opportunities could be integrated into the working day (including travel to work) or workplace social activities, and ‘high points’ (for example, a fundraising day or a friendly football match) scheduled alongside milestones in the working year
- advice about healthy behaviour changes could be provided to workers moving to part-time work.

The proposed integration of additional health-related behaviours and learning into more general health and safety activities should be considered.

Employees identified as being at risk of health-related cessation or reduction of work should be automatically entitled to specialist support, including advice about options for redeployment and reskilling.

Recommendation 3g: Identify and expand intergenerational opportunities in civil society.

One limitation of much work on retirement and ageing is the use of evidence gathered primarily from people who are already close to retirement, or who have already retired. Opportunities should be sought to gather voices from community and other groups in which younger people discuss their expectations of later working life and retirement, as well as their anxieties and aspirations. In addition, spaces for intergenerational dialogue should be identified and/or created; lifecourse work centres could act as the coordinating bodies for this.

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