

# EXTENDING WORKING LIVES

A devolved, lifecourse approach to enabling work beyond state pension age

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## 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 large-scale and holistic change 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 is 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 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 reduces 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.

For the full report, including all references, data sources and notes on methodology, see: [www.ippr.org/publications/extending-working-lives](http://www.ippr.org/publications/extending-working-lives)

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