



# MoPAct

Mobilising the Potential of  
Active Ageing in Europe

## MoPAct – Mobilising the Potential of Active Ageing in Europe Extending Working Lives and Lifelong Learning Final Country Report: UK

Based on (in chronological order):

- **Wilkinson, David and Cebulla, Andreas (2013):** Extending Working Lives. National report United Kingdom
- **Bauknecht, Jürgen and Naegele, Gerd (2015):** Report on Case Studies. MoPAct WP3. Based on contributions by Mikkel Barslund, Carina Bössing, Andreas Cebulla, Katrin Gasior, Nathan Hudson-Sharp, Veronika Khýrová, Katja Linnenschmidt, Elisa Martelluci, Julija Moskvina, Liina Osila, Ana Rincon-Aznar, Agnès Romanini, Marco Socci, Izabela Styczyńska, Lucie Vidovičová, David Wilkinson, Eszter Zolyomi
- **Bauknecht, Jürgen; Wilkinson, David and Cebulla, Andreas (2015):** National Policy Report United Kingdom. In: Naegele, G./Bauknecht, J. (eds., 2015): National Policy Report. MoPAct, WP3, Task 2
- **Wilkinson, David and Cebulla, Andreas (2015):** United Kingdom. In: Barslund, Mikkel/Bauknecht, Jürgen/Cebulla, Andreas/Gasior, Katrin/Kadarik, Ingel/Khyrova, Veronika/Krumina, Marija/Linnenschmidt, Katja/Martellucci, Elisa/Moskvina, Julija/Naegele, Gerd/Osila, Liina/Principi, Andrea/Rincon-Aznar, Ana/Socci, Marco/Styczyńska, Izabela/ Vidovičová, Lucie/Wilkinson, David/ Zólyomi, Eszter (2015): Best Practice Cases. MoPAct project, WP 3, Task 2
- **Wilkinson, David (2016):** Identifying and assessing structural drivers of and barriers to innovative, sustainable strategies for extending working lives and lifelong learning on the demand and supply side. National Report United Kingdom. MoPAct, WP3, Task

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**Dortmund, February 2017**



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## Reading Guidance

This final country report on the case of the United Kingdom is a composition of several documents that were written in the context of the EU-project for MoPACT – Mobilising the Potential of Active Ageing in Europe. MoPACT is a four years project funded by the European Commission under the 7<sup>th</sup> Framework Program. More specifically, the different chapters of this report are based on a series of papers as well as on additional research.

### 1. Summary:

The summary is composed by Vera Gerling and is based on all parts of the following text.

### 2. Basic Demographic Information:

This chapter combines additional research carried out by Vera Gerling (2.1 – 2.5) with the national report on “the conceptual framework on innovative, effective, sustainable and transferable strategies to enhance the extension of working life and lifelong learning; Country: United Kingdom” written by David Wilkinson and Andreas Cebulla in 2013 (as result of Work Package 3 Task 1) (2.6).

### 3. Extending Working Lives and Lifelong Learning: National Policies

3.1 (Introduction) is also based on the national report on “the conceptual framework on innovative, effective, sustainable and transferable strategies to enhance the extension of working life and lifelong learning; Country: The United Kingdom” written by David Wilkinson and Andreas Cebulla in 2013 (as result of Work Package 3 Task 1).

The following sections are an extract of the “National Policy Report” written by Jürgen Bauknecht, David Wilkinson and Andreas Cebulla in February 2015 (as a result of Work Package 3 Task 2).

### 4. Extending Working Lives and Lifelong Learning: Selected Innovative and Sustainable Approaches

The models of good practice have been identified by David Wilkinson and Andreas Cebulla and comprise good practice examples both on the sides of labour supply and labour demand. The text stems from the “National Policy Report” written by Jürgen Bauknecht in February 2015 (as a result of Work Package 3 Task 2).

The models of good practice themselves are drawn from the report of Mikkel Barslund et al. written in February 2015, entitled “Extended Working Lives - Good Practice Cases”, MOPACT project, Work Package 3 Task 2.

### 5. Extending Working Lives and Lifelong Learning: Drivers and Barriers

This chapter is based on the “National Report United Kingdom” written by David Wilkinson identifying and assessing structural drivers of and barriers to innovative, sustainable strategies for extending working lives and lifelong learning on the demand and supply side as a result of Work Package 3 Task 4.

## 1. Summary

### Basic Demographic and Labour Information

In 2014, United Kingdom had a population of 63.7 million people, of which 31.3 million were men and 32.3 million women. In 2014, 17.3 % were aged 65 and over.

In 2014, the unemployment rate was 5.6 % of the total labour force, being 5.8 for men and 5.3 for women.

The employment rate for the population aged 50-64 was 3.7 percentage points above the OECD average in 2011 (65.0% compared with 61.2%). For the population aged 65-69 the employment rate was 1.1 percentage points higher in the UK than the OECD, representing a dramatic change from 2001 when the employment rate for this age group was considerably lower than the UK average (10.6% compared with 15.2%).

### Extending Working Lives and Lifelong Learning: National Policies

#### Classification as “Early” or “Late Mover”

When compared with other European countries, the United Kingdom is an “early mover” in terms of willingness and ability to manage the older workforce both at the macro and the meso levels, and of promoting age management policies, employability and workability of older workers.

#### Predominant Concept of “Active Ageing”

Active ageing in employment or extending working lives was universally recognised as a key policy issue among interviewees of the MOPACT project. Although it was widely recognised that it has dropped down the policy agenda in the last few years, active ageing was described as having ‘very little practical public resonance’, and it is mainly a concept used by academics and government/civil servants. It was questioned whether employers would understand the concept of active ageing; and this appeared to be supported by the employer view that highlighted the importance of issues relating to the ageing workforce, but noted that these were primarily flexibility, pensions and skills.

#### Predominant Concept of “Social Innovation”

Social innovation in active ageing consists of private and public-sector strategies that enable and encourage older workers to stay longer in employment and intensify lifelong (vocational) learning. This definition encompasses formal and informal labour markets and workplace interventions/solutions, and roles for the welfare and health systems. It can accommodate market and non-market based approaches.

#### Public Pension and Retirement Policies

In the UK It is argued that the lower degree of de-commodification, in particular the relatively low replacement rate of the statutory/mandatory pension schemes and the uneven coverage of occupational pensions in the UK create strong incentives for working longer.

Furthermore, the pension Act of 2007 and 2008 produced what has been considered the most far-reaching reform since the 1950s introduction of the Beveridge system. The reform gradually

increases the legal retirement age and lowers the minimum number of contribution years from 44/39 years (men/women) to 30 years (Bertelsmann 2010: 25).

### **Partial Retirement / Partial Pension Policies**

Evidence suggests that over-employment (working more hours than desired) fosters early retirement, while underemployment delays retirement (it is suspected that this group wants to raise incomes and/or pensions). Therefore, policies enabling those who are over-employed to work less hours could raise labour supply, if the gains in the months or years worked outweighs the loss of weekly hours.

Furthermore, in 2006 changes in tax rules came into effect which allow for the parallel receipt of occupational pensions and continued work for the same employer. Prior to these changes, in 2004, part-time work was widespread in the UK (men: 23%, women 52%).

### **Promoting Work after Retirement**

Employment rates of those 65+ rose from 4.9% in 2001 to 9.5% in 2013; two thirds of them are working part-time, which has been almost entirely due to those holding their job and not by those starting a new job.

Possibly resulting from institutional framework conditions, UK silver work is primarily low-skilled, low-paid and part-time

### **Promoting Self-Employment**

Some authors criticise that self-employed have been given little attention in the policy debate, despite the facts that this groups is one of the fastest growing and their working times deviate strongly from their desired working times. When counting the number and share of self-employed older workers in the UK, one has to be cautious since many older self-employed do not work much. Partly, self-employment is a mask for unemployment, or a means to work less if this is not possible as employee.

The main initiative for older self-employed workers is 'The Prince's Initiative for Mature Enterprise' (PRIME, founded by the Prince of Wales) supporting the starting of a new business by those over 50 by providing training, mentoring and networking.

### **Unemployment Policies and Employment Protection**

The overall (age 15-64) unemployment rate increased substantially between 2007 and 2013 from 5.3 to 7.8 per cent, with similar proportional increases for people aged 55-64 (from 3.3 to 4.7 per cent). However, benefit reforms continue to "activate" people resulting in increased labour force participation rates, particularly for older people up from 52.7 per cent in 2000 to 62.6 per cent in 2013 for people aged 55-64.

The Work Programme became the major new payment-for-results welfare-to-work programme across Great Britain from June 2011. It replaced previous programmes (New Deals, Employment Zones and flexible New Deal), and is designed to combine strong incentives with freedom for service providers to innovate. It is targeted at people at risk of becoming long-term unemployed. It is a universal programme, in contrast to previous UK welfare-to-work programmes that were often designed for specific groups, including older unemployed people. The aim of

the Work programme is that allowing greater flexibility for providers to design programmes for individuals will allow them to focus their resources where they will have the greatest impact.

Similar to Germany, there is no special employment protection for older workers.

### **Health Protection and Promotion, Prevention of Disability**

Like other welfare states, the UK has shifted its activation focus from the unemployed to the incapacitated. Disability, in fact, has become the UK's form of early retirement, which is resulting from incapacity figures remaining high against the backdrop of declining unemployment benefit recipients in the last 15 years.

### **Age discrimination legislation**

The UK is considered to have been reluctant to introduce workplace age discrimination legislation and leaving employers generous leeway for own solutions. In 2006, the UK introduced its Employment Equality (Age) Regulations, whereas its configuration is considered a 'light touch'. Nevertheless, employers and HR managers became strongly interested due to the new legislation also against the backdrop of low knowledge of the already previously existing voluntary Code of Practice. The impacts are mixed: On the one hand, explicit age requirements vanished from job advertisements, on the other hand the Trade Union Congress notes that equal treatment for all age groups has been used by employers to justify downward levelling of older workers redundancy pay.

Government published the 'Code of Practice in Age Diversity', 'Age Diversity at Work' and the 'Age Positive' website.

### **Extending Working Lives and Lifelong Learning: Selected Innovative and Sustainable Approaches**

The Equalities Act 2010 means that policies in the UK rarely exclusively target older workers; they are available to workers of all ages. However, some policies are clearly designed more for older workers and have a larger impact on these workers.

In the companies we looked at it was reasonably common to offer a mix of policies covering flexible working, retirement planning, lifelong learning opportunities and opportunities for redeployment.

Flexible working opportunities include term-time, part-time and home working, flexible shift patterns, seasonal work, annualised hours and unpaid leave or possibilities for additional leave in exchange for working at periods of peak demand. In some cases there is a specific focus on allowing carers to fulfil their caring commitments alongside their employment, and one large company has a Carers Network providing support and guidance as well as providing training modules to support carers and raise manager awareness of how to better support carers.

The Equalities Act also means that lifelong learning opportunities are now more likely to be available for older workers (e.g. through removal of age limits on apprenticeship schemes).

Age profiling allowed some companies to consider retirement planning with some offering a phased retirement policy. Regular employee reviews covered the possibility of retirement and

in some cases companies offered pre-retirement educational programmes covering information on pensions, taxation and working beyond retirement. Older workers in some companies were mentoring younger colleagues helping in knowledge/skill transfer.

For some jobs, often physically demanding jobs, there is the possibility to redeploy older workers to less demanding roles. In addition, some companies promoted occupational health and workplace adjustments were available reflecting employees changing needs.

## **Extending Working Lives and Lifelong Learning: Drivers and Barriers on the Supply Side**

### **Workability / Employability**

There is mixed evidence concerning employers' preferences and practices with regards to the employment of older people. Findings from WERS 2004 show that around five per cent of employers actively targeted older workers for recruitment, particularly in the transport and communications, financial services and public administration industries. There are a number of reasons why employers may choose to target older workers, including employers' perceptions that there is a skills shortage among young people for certain jobs (e.g., engineering, butchering and coach driving), perceptions that older workers have a stronger work ethic, are more experienced, better able to command authority, and better able to build rapport with certain customer groups.

However, the positive employer attitudes of older workers are by no means universal. Whilst there is evidence that employers have been taking more steps to address discrimination since the implementation of the 2006 Regulations, age discrimination remains a barrier to the employment of older workers at all stages of the employment process.

Several companies have implemented innovative policies to attract and retain older workers. These often include flexible working arrangements that allow older workers to fit work with other commitments, which are often prevalent for older workers.

### **Health**

Health and healthy living have become increasingly important issues both in society at large and in the workplace. Employers and trade unions are taking a broader view of health at work so that issues such as smoking, alcohol and stress are being considered alongside traditional occupational health issues such as noise, dust and chemical hazards

Work can have a positive impact on our health and wellbeing. Healthy and well-motivated employees can have an equally positive impact on the productivity and effectiveness of a business.

Government figures indicate that two million people suffer from an illness they believe has been caused or made worse by their work.

Redeployment of workers who cannot manage their workload is an important aspect of age management policies to keep (often) older workers in the workforce for longer. Typically these involve switches to a less physically demanding role in the organisation, for employees whose contribution to the organisation is valued.

### **Life-cycle Orientation / Reconciliation of Paid Work and Care / Informal Work**

The need for work-life balance flexible workplace policies will increase as the workforce ages. Older workers often want to reduce their working hours during their transition into retirement, and many unemployed older workers consider flexible working to be a necessary precondition of their willingness to take up employment.

In a survey of 1,494 respondents aged between 50 and 75, 38 per cent of those with caring responsibilities were dissatisfied with the number of hours they worked in comparison to 27 per cent of all older workers.

The ageing population and increases in life expectancy is also likely to lead to a rise in the need for informal care. According to one projection, there will be a 70 per cent increase in the demand for informal care by 2031, which is likely to lead to an increase in the demand for flexible working among carers.

### **Lifelong Learning**

While access to training has traditionally decreased with age, a recent change in this trend indicate that employers are more likely to invest in training for individuals over 50 than those in their 40s. The National Adult Learning Survey also indicates that the decrease in training participation becomes more evident from the age of 60 rather than earlier. However, the training undertaken by older workers is more likely to be of poorer quality and less likely to improve their skills, working practices or pay, reflecting low levels of workplace progression among older workers.

### **(Sustainable, real) Self-Employment**

Self-employment is a popular option for many older workers who want to build on past experience, develop specialist knowledge and increase control over their working lives.

### **Work beyond Legal Retirement Age**

Working past State Pension age is relatively common and workers are protected by law against discrimination. This is particularly true for women with the number of women aged over 60 in employment at record levels and the number of older women workers is growing faster than any other age group. This is in part because of the increasing State Pension Age for women that is rising from 60 to 65 between 2010 and 2018.

There is no official retirement age and workers usually have the right to work as long as they want to.

## **Extending Working Lives and Lifelong Learning: Drivers and Barriers on the Demand Side**

There are no financial incentives in the form of wage subsidies available for the recruitment of older workers in the UK. However, tax credits do act as a financial incentive

Legal protection against age discrimination in employment was introduced in 2006 with the Employment Equality (Age) Regulations (EE(A)Regulations). The regulations covered age discrimination in relation to any age. However, for older people, it included a 'default retirement age' allowing employers to set a compulsory retirement age of 65 or over. This provision was abolished in 2010 although compulsory retirement could continue for a further year from abolition.

## 2. Basic Demographic and Labour Information

The following information is mostly drawn from OECD statistics.

### 2.1 Population and age structure

In 2014, United Kingdom had a population of 63.7 million people, of which 31.3 million were men and 32.3 million women. (OECD 2016a)

In 2014, 17.3 % were aged 65 and over. From 10.9 million older people aged 65 years and more 5 million were males and 5.9 million females. (OECD 2016b)

The elderly dependency rate (64 +) in United Kingdom was 26,6% in 2014. (OECD 2016i)

### 2.2 Life Expectancy

In United Kingdom, in 2013, life expectancy for a new born male child<sup>1</sup> was 79.5 years and for a female child 83.2 years (in average 81.4 years). (OECD 2016c)

Life expectancy at 65<sup>2</sup> was 18.6 years for men and 20.9 years for women. (OECD 2016d)

### 2.3 Fertility Rate

The fertility rate in United Kingdom was 1.8 in 2014. (OECD 2016e)

### 2.4 Unemployment Rates

In 2014, the unemployment rate<sup>3</sup> was 5.6 % of the total labour force, being 5.8 for men and 5.3 for women. (OECD 2016f)

The long-term unemployment rate<sup>4</sup> was 35.7 % in 2014. (OECD 2016g)

### 2.5 Self-Employment Rate

The self-employment rate in United Kingdom was 15.4% in 2014. (OECD 2016h)

### 2.6 Older Worker Employments / Unemployment Rates

The employment rate for the population aged 50-64 was 3.7 percentage points above the OECD average in 2011 (65.0% compared with 61.2%). For the population aged 65-69 the employment rate was 1.1 percentage points higher in the UK than the OECD, representing a

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<sup>1</sup> Life expectancy at birth is defined as how long, on average, a newborn can expect to live, if current death rates do not change. However, the actual age-specific death rate of any particular birth cohort cannot be known in advance.

<sup>2</sup> Life expectancy at age 65 years old is the average number of years that a person at that age can be expected to live, assuming that age-specific mortality levels remain constant.

<sup>3</sup> Unemployment rate is the number of unemployed people as a percentage of the labour force, where the latter consists of the unemployed plus those in paid or self-employment. Unemployed people are those who report that they are without work, that they are available for work and that they have taken active steps to find work in the last four weeks.

<sup>4</sup> Long-term unemployment refers to people who have been unemployed for 12 months or more. The long-term unemployment rate shows the proportion of these long-term unemployed among all unemployed.

dramatic change from 2001 when the employment rate for this age group was considerably lower than the UK average (10.6% compared with 15.2%).

**Table 1 Employment rate by age in the UK and the OECD<sup>1</sup>**

	UK			OECD		
	2001	2005	2011	2001	2005	2011
<b>50-64</b>	62.0	64.5	65.0	55.6	58.4	61.2
<b>50-54</b>	77.3	79.4	79.7	71.8	73.7	76.1
<b>55-59</b>	64.7	68.6	69.8	55.9	59.9	64.8
<b>60-64</b>	37.5	41.7	44.4	32.5	35.6	40.0
<b>65-69</b>	10.6	14.4	19.6	15.2	16.5	18.5

Source: OECD thematic follow-up review of policies to improve labour market prospects for older workers, UK – Table 1

Job quality indicators (OECD, 2012) highlight a lower incidence of temporary work in the 55-64 age group, with 5.1% of total employment in temporary jobs in the UK in 2011 compared with 9.1% in the OECD. This is combined with a high incidence of part-time work for this age group (29.1% of total employment in part-time work in the UK in 2011 compared with 18.7 in the OECD) and a ratio of full-time earnings for those aged 55-59 compared to those aged 25-29 of 1.28 in the UK and 1.34 in the OECD.

Within the UK figures for April-June 2013 indicate employment rates for people aged 50-64 of 67.3 per cent around 15 percentage points below that for the population aged 35-49. Broadly in line with patterns for other age groups under 65, the employment rate for women was roughly 11 percentage points lower than that for men. The employment rate for workers aged 65+ dropped to 9.5 per cent reflecting retirement patterns and the state pension age.

**Table 2 Employment rates by age and gender, April - June 2013**

Age group	All	Men	Women
<b>25-34</b>	79.4	86.1	72.4
<b>35-49</b>	82.0	87.7	76.5
<b>50-64</b>	67.3	72.9	62.0
<b>65+</b>	9.5	12.9	6.7

Source: Labour Force Survey

In recent years legislation relating to the default retirement age has changed considerably. In October 2006, the Employment Equality (Age) Regulations 2006, introduced a Default Retirement Age, whereby employers are able to terminate or deny employment to people over 65 without a reason. However, after a review of the legislation; from 6 April 2011, employers can no longer give employees notice of retirement under Default Retirement Age provisions and will need to objectively justify any compulsory retirement age still in place to avoid age discrimination claims.

The State Pension age has also come under review. For many years the state pension age was 60 for women and 65 for men. Under the current law, this will rise to 67 between 2034 and 2036 and 68 between 2044 and 2046.

In UK manufacturing ageing is a prime concern. In 2011, almost 10% of manufacturing companies reported that more than half of their workers were aged 50 years of age or above (EEF, 2011) and a further 40% reported that more than 30% of their workers were aged 50 plus.

Nearly three in five manufacturing companies expected an increase in the proportion of workers aged over 50, and one-fifth expected a decrease.

(Source: David Wilkinson and Andreas Cebulla National Report MOPACT PROJECT WP 3 Task 1)

### **3. Extending Working Lives and Lifelong Learning: National Policies**

#### **3.1. Introduction**

##### **Classification as “Early” or “Late Mover”**

When compared with other European countries, the United Kingdom is an “early mover” in terms of willingness and ability to manage the older workforce both at the macro and the meso levels, and of promoting age management policies, employability and workability of older workers.

##### **Predominant Concept of “Active Ageing”**

Active ageing in employment or extending working lives was universally recognised as a key policy issue among interviewees of the MOPACT project. Although it was widely recognised that it has dropped down the policy agenda in the last few years, active ageing was described as having ‘very little practical public resonance’, and it is mainly a concept used by academics and government/civil servants. It was questioned whether employers would understand the concept of active ageing; and this appeared to be supported by the employer view that highlighted the importance of issues relating to the ageing workforce, but noted that these were primarily flexibility, pensions and skills.

There are a number of things that can be identified as important for extending working lives, but they are not specifically focused on extending working lives. It was argued that the most important factor is having a well-functioning labour market, but incentives, flexibility, pensions and skills were also important. These topics were repeatedly referred to in interviews, although there was a view that for older workers the current policy focus was about pensions and welfare policy. The rhetoric portrayed by the media is that older worker employment has been relatively successful, with reports highlighting that the fastest growing work is for the over 65s and 50-65 age group, but what is not presented is that this is growing from a small base.

The main policy concern in relation to employment is youth work, reflecting the large rise in youth unemployment. This is discussed further under the “Solidarity between generations” heading.

The fall down the policy agenda of extending working lives was perceived to have manifested itself in a reduced capacity of government extending working lives research. However, a big programme of work has run in parallel with our project. The Economic and Social Research Council (ESRC) and the Medical Research Council (MRC) funded eight projects looking at a variety of issues relating to ageing, some of which cover aspects of extending working lives.

The Labour government introduced Public Service Agreement (PSA) indicators in the late 1990s but these were scrapped by the current coalition government in 2010. They were designed to outline the improvements that are expected by government expenditure. The PSA indicators are agreed every three years between the main government departments and the Treasury as part of the Spending Review process. The most recent target covering the spending period 2008-2011 was about reducing the gap between employment rates for 50-69 year-olds and the overall employment rate. This was perceived as not a very good measure as the

gap closed considerably during the recession as youth unemployment shot up, whilst employers hung on to their older workers.

Currently the Department for Work and Pensions (DWP) has a Business Plan indicator which is concerned with increasing the average exit age at which people move from active to inactive. This is slowly increasing, and is expected to increase more as the State Pension Age equalises for men and women. There are aspirations, but currently there is no modelling of these aspirations.

### **Predominant Concept of “Social Innovation”**

Social innovation in active ageing consists of private and public-sector strategies that enable and encourage older workers to stay longer in employment and intensify lifelong (vocational) learning. This definition encompasses formal and informal labour markets and workplace interventions/solutions, and roles for the welfare and health systems. It can accommodate market and non-market based approaches.

## **3.2 Public Pension and Retirement Policies**

Anxo et al. (2012: 3) argue that “the lower degree of de-commodification, in particular the relatively low replacement rate of the statutory/mandatory pension schemes and the uneven coverage of occupational pensions in the UK create strong incentives for working longer”.

Furthermore, the pension Act of 2007 and 2008 produced what has been considered the most far-reaching reform since the 1950s introduction of the Beveridge system. The reform gradually increases the legal retirement age and lowers the minimum number of contribution years from 44/39 years (men/women) to 30 years (Bertelsmann 2010: 25).

In the UK the statutory pension age for men is 65 years and between April 2010 and November 2018, the State Pension age for women is to be increased from 60 to 65 years. From April 2010 to March 2016 the female retirement age rises by one month every two months (Cribb et al. 2013: 7). Following the Pensions Act 2011, women’s State Pension age will increase more quickly between April 2016 and November 2018, until the State Pension age for men and women is equalised. One might expect that this change will level out differences in labour market exit probabilities: In 2009 (2<sup>nd</sup> quarter), women left the labour market primarily in the ages of 59-61, whilst it was age 64-66 for men (Berry 2010: 7). Berry (2010: 22) concludes that “it is surely inevitable that the increases in SPA [state pension age, author] will create upward pressure on the UK’s average retirement age. Many people retire at the age at which it becomes financially viable – and for most the state pension is a key plank of their retirement income”.

Following this, the UK plans a rise in State Pension age to 66 by October 2020 (Pensions Act 2011), with further increases to 67 between 2026 and 2028 (Pensions Act 2014). These latter changes brought forward the increase from 66 to 67 by eight years from earlier legislation. Further rises are planned up to age 68 between 2044 and 2046, but the 2014 Act provides for a regular review of the State Pension age at least once every five years, so the timetable for the increase from 67 to 68 could change as a result of a future review (Börsch-Supan 2012:

21, and Corsi/Lodovici 2010: 62). Lain and Vickerstaff (2015: 2) expect that State Pension age will arrive at 70 once linked to life expectancy<sup>5</sup>

The Department for Work & Pensions (2013: 66) 'The single-tier pension: a simple foundation for saving' suggests to raise the State Pension age in such a way that the proportion of adult life spent in retirement remains constant (Sinclair et al. 2014: 2), and to pay attention to other factors such as variations in life expectancy. The life expectancy situation is to be assessed every 5 years, so for those born in the 1990s, i.e. those entering the workforce now, the State Pension age could be at 70 (Guardian 2013).

As proposed by the Department for Work & Pensions the 2013 Pensions Bill proposes to adjust the pension age to further life expectancy in such a way that keeps the proportion of adult life spent in retirement constant. Sinclair et al. on behalf of ILC-UK argue that using increases in life expectancy to estimate increases in the number of years in health good enough to keep working will produce misleading results.

Cribb et al. (2013: 1ff., data: UK's Labour Force Survey) calculate the effect of the higher female retirement age of 61 (cohort 1952/1953 in 2012) instead of 60 (cohort 1950/1951 in 2010). The differences-in-differences estimate shows the increase in the legal retirement age increased employment rates of 60-year old females by 7.3 percentage points. Further, for men between 55 and 69 (those below or above are expected to be retired or not irrespective of their partner's employment status) the higher female retirement age increased the employment rate by 4.2 percentage points, and that is primarily full-time work (Cribb et al. 2013: 24). Data suggests that this is not due to men having to compensate for their female partner's loss of income (which would happen if additional men working would be those whose spouses did not raise their retirement age and therefore did have lower pension entitlements), but rather due to leisure complementarities (Cribb et al. 2013: 29). Cribb et al. (2013: 29) conclude that the first phase of the higher legal retirement age had a large impact.

In 2006 the government introduced a default retirement age, which allowed employers to retire their workers when they become 65 (Berry 2010: 7, stating that this has been somewhat of a paradox, since at the same time new age discrimination legislation has been implemented). The default retirement age has subsequently been phased out in October 2011, so that employers are no longer allowed "to compulsorily retire a person at state pension age on age grounds alone: an objective justification for compulsory retirement is now necessary" (Scherger et al. 2012: 26 e.g. based on Department for Business Innovation and Skills 2011): "While the legislative changes are likely to increase opportunities to work past 65, the impact is likely to be mediated to a degree by court decisions about what constitutes a legally justifiable reason for allowing mandatory retirement" (Lain/Vickerstaff 2015: 6)

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<sup>5</sup> Residual life expectancy at the age of 65 is projected to rise from 18.9/21.4 years (men/women) in 2011-2015 to 22.1/24.5 years in 2041-2045 (MacInnes/Spijker 2015). Yet, e.g. for the UK (2008-2010) Sinclair et al. (2014: 11) show that there is a considerable gap between residual life expectancy (17.8/20.4 years) and disability free life expectancy (10.4/11.2) or healthy life expectancy (10.6/11.6). With rising residual life expectancy, inequality in residual life expectancy and in lifetime receipt of state pension will rise (Berry 2015). Berry criticises that raises in state pension age "based on average life expectancy exacerbates enormous inequality".

Lain and Vickerstaff refer e.g. to the court case of *Seldon vs. Clarkson Wright and Jakes*. Mr. Seldon claimed to have been forced to retire at the mandatory age of 65: "At employment tribunal it was concluded that that a mandatory retirement age was a proportionate means of achieving a legitimate aim in this case. The justifications considered legitimate were that mandatory retirement ages facilitated planning and enabled younger employees to become partners in a reasonable period of time" (Lain/Vickerstaff 2015: 6).

It will be seen to which degree this can be a re-introduction of mandatory retirement through the back door.

As Wilkinson and Cebulla (2013: 9) note, the abolition of the mandatory retirement age has made planning (see justification above) more difficult for companies if there are no agreements with unions about the retirement age. Some companies try to reduce uncertainty by financially rewarding their employees for telling the company when they want to retire. Since financial rewards increase with the length of the period between workers' informing their company and their retirement date (Wilkinson/Cebulla 2013: 9), this might provide a small extra incentive to retire later (at a fixed date from informing the company, a higher stated retirement age implies that the worker did inform his company a longer time beforehand)

Alongside these changes it is important to note that the basic state retirement pension became less generous (Muller-Camen et al. 2011: 512). Further, switches from defined benefits to defined contributions in the last 15 to 20 years, originated in financing problems and has led to considerable lower returns, and defined benefit schemes have typically been closed for new employees (Scherger et al. 2012: 25).

Rising legal retirement ages attached to pension deductions for those retiring earlier come with the usual drawback of financial incentives: "...because people do not fully understand their finances they are in a weaker position to adjust their employment in light of financial incentives" (Lain/Vickerstaff 2015: 8).

### **3.3 Partial Retirement / Partial Pension Policies**

An analysis by Gielen (2009) can give a clue about effects from the possibility of part-time work on labour supply. She analysed British Household Panel Survey data (1991-2004, workers between 50 and the statutory retirement age of 65/60 (men, women)).

"For over-employed women, the hazard rate to retirement is higher than for other working females...not...males...workers do try to adjust hours within the labour market. If this is not possible, they may resort to retirement" (Gielen 2009: 252, 253)

The fact that over-employed males are far more able to reduce their working hours with their current employer may be the cause for the absence of retirement effects (Gielen 2009: 255f.). The reason for gender differences can be that the weekly hour difference between over-employed and not-over-employed men is rather small (2 hours per week), while for females it's huge (10 hours per week, cf. Gielen 2009: 266). She suggests that this is caused by grandchildren care giving. Over-employed women tend to change their employer or leave the labour market (Gielen 2009: 263, also 2009: 262 stating that checks show that over-employment is not endogenous). As one might expect, the magnitude of over-employment also matters

(Gielen 2009: 263). While, as stated, there is no labour market exit effect for over-employed men, the effect for over-employed women is considerable (12 months of earlier retirement, cf. Gielen 2009: 265).

Concluding, Gielen (2009: 271) notes that it is not clear from her analysis if the total number of hours worked would increase with increasing working hours flexibility, i.e. if the loss in the intensive margin would outweigh gains in the extensive margin. For example, Graf et al. 2011: 217ff. show with Austrian data that allowing for part-time work with the introduction of Old-Age Part-Time Scheme ('Altersteilzeit') for those 50+ in 2000 resulted mainly in part-time work substituting full-time work with negative effects on total labour supply (Graf et al. 2011: 227 state that due to limited substitution between older and younger workers reduced working hours by some older workers can raise hourly wages for all older workers with positive effect on labour supply, but they doubt that this balances out the negative effect). Though, the exact configuration is crucial when drawing conclusions: The Austrian scheme has been 'heavily subsidized'. The Austrian scheme has been designed similar to the German one, so that due to a 'blocking option' workers could choose to choose full-time and then inactivity instead of 'real' part-time.

Other evidence suggest that over-employment (working more hours than desired) fosters early retirement, while underemployment (Bell/Rutherford 2013: no page numbers, UK data) delays retirement (Bell and Rutherford suspect that this group wants to raise incomes and/or pensions). Therefore, policies enabling those who are over-employed to work less hours could raise labour supply, if the gains in the months or years worked outweighs the loss of weekly hours.

Furthermore, in 2006 changes in tax rules came into effect which allow for the parallel receipt of occupational pensions and continued work for the same employer (Vickerstaff 2007: no page numbers). Prior to these changes, in 2004, part-time work was widespread in the UK (men: 23%, women 52%, Vickerstaff 2007).

### **3.4 Promoting Work after Retirement**

Employment rates of those 65+ rose from 4.9% in 2001 to 9.5% in 2013; two thirds of them are working part-time (Lain/Vickerstaff 2015: 1ff). As the authors note, this has been almost entirely due to those holding their job and not by those starting a new job.

Before the abolition of the default retirement age British employees could request to stay employed after 65 and employers could refuse without justification (Anxo et al. 2012: 5). However, after reaching the legal retirement age, employees are no longer obliged to pay National Insurance contributions, implying lower payroll taxes and higher incentives to work (Cribb et al. 2013: 8). Until 2006, line managers often decided who continued to work beyond 65, others could get laid off/sent into retirement without "the right to claim unfair dismissal or redundancy payments" (Lain 2012: 82). Yet, the Employment Equality (Age) Regulations of 2006 did not remove management's decision power over retirement (Lain 2012: 83).

Prior to 2006 company/occupational pensions were hard to combine with work for the same employer, although due to the Finance Act of 2004, (Heywood/Siebert 2009: 20) things improved. Although state pension can be combined with work, due to the fact that nearly half of

the pensioners get a company pensions, there are disincentives to combine pension receipt and work. System rules determined that silver work presupposes job change, and pension adjustments for silver work were not actuarially fair (Heywood/Siebert 2009: 2f.), whilst working for a different company brings along lower pay due to hiring and training costs, which made the alternative (retirement) attractive (Heywood/Siebert 2009: 12).

For each year after reaching retirement age that older workers put off claiming state pension they receive a pension increase of 10.4 % (Cribb et al. 2013: 7).

Possibly resulting from institutional framework conditions, UK silver work is primarily low-skilled, low-paid and part-time (Lain 2012: 78ff).

### **3.5 Promoting Self-Employment**

Bell and Rutherford (2013: no page numbers) criticise that self-employed have been given little attention in the policy debate, despite the facts that this groups is one of the fastest growing and their working times deviate strongly from their desired working times. When counting the number and share of self-employed older workers in the UK, one has to be cautious since many older self-employed do not work much. Partly, self-employment is a mask for unemployment, or a means to work less if this is not possible as employee (Wilkinson/Cebulla 2013: 13).

The main initiative for older self-employed workers is 'The Prince's Initiative for Mature Enterprise' (PRIME, founded by the Prince of Wales) supporting the starting of a new business by those over 50 by providing training, mentoring and networking (Wilkinson/Cebulla 2013: 13).

### **3.6 Unemployment Policies and Employment Protection**

The overall (age 15-64) unemployment rate increased substantially between 2007 and 2013 from 5.3 to 7.8 per cent, with similar proportional increases for people aged 55-64 (from 3.3 to 4.7 per cent). However, benefit reforms continue to "activate" people resulting in increased labour force participation rates, particularly for older people up from 52.7 per cent in 2000 to 62.6 per cent in 2013 for people aged 55-64.

The Work Programme became the major new payment-for-results welfare-to-work programme across Great Britain from June 2011. It replaced previous programmes (New Deals, Employment Zones and flexible New Deal), and is designed to combine strong incentives with freedom for service providers to innovate. It is targeted at people at risk of becoming long-term unemployed. It is a universal programme, in contrast to previous UK welfare-to-work programmes that were often designed for specific groups, including older unemployed people. The aim of the Work programme is that allowing greater flexibility for providers to design programmes for individuals will allow them to focus their resources where they will have the greatest impact.

Similar to Germany, there is no special employment protection for older workers. Statutory redundancy payments, however, are based on employee's age and length of service. Employees are entitled to 1.5 weeks' pay for each year of employment after their 41st birthday; a week's pay for each year of employment after their 22nd birthday and half a week's pay for each year of employment up to their 22nd birthday. Length of service is capped at 20 years

and weekly pay is capped at £464, meaning that the statutory redundancy pay is £13,920. Employers can give additional redundancy payments.

### **3.7 Health Protection and Promotion, Prevention of Disability**

Like other welfare states, the UK has shifted its activation focus from the unemployed to the incapacitated (Houston/Lindsay 2010: 133): “Disability, in fact, has become the UK’s form of early retirement” (Heywood/Siebert 2009: 2). As Houston and Lindsay (2010: 133) note, this is resulting from incapacity figures remaining high against the backdrop of declining unemployment benefit recipients in the last 15 years. Houston and Lindsay (2010: 134) state that evidence that high incapacity figures resulted from unemployment being hidden as sickness was compelling (based e.g. on Beatty and Fothergill 2005 and Beatty et al. 2008. The latter, for example, show that incapacity benefit receipt mirrors industrial decline). For example, Lindsay and Houston (2011: 15f.) refer to MacKay and Davies (2008) who suggest that stricter unemployment benefit access in 1986 and 1997 diverted claimants to Incapacity Benefits.

The Labour government elected in 1997 considered the large number of Incapacity Benefit (IB) recipients a result of weak compulsion and conditionality when compared to unemployment benefits, making it an attractive alternative route to passivity for those with health impairments (Houston/Lindsay 2010: 134). IB’s advantages over unemployment benefits were (1) no mandatory activation requirement, (2) higher benefits, (3) no means-testing against household income (Houston/Lindsay 2010: 135).

Beginning in 2003, new measures were introduced, amongst them the Pathways to Work scheme trying to activate those claiming IB with compulsory ‘Work-focused interviews’ (non-attendance can lead to lower benefits) and other supporting elements which could be used voluntarily (Houston/Lindsay 2010: 134). The topics of the interview can be found under <http://www.esahelp.co.uk/interviews.php>.

The Welfare Reform Act (2007) replaced IB with the Employment and Support Allowance (ESA), which “places the UK at the forefront of such attempts to recalibrate incapacity benefits” (Kemp/Davidson 2010: 204) which is the reason for the lengthy depiction and evaluation here.

ESA came with stricter eligibility conditions and increased efforts to support those (possibly) incapacitated into work. Part of the new programme is a Work Capability Assessment which lasts for 13 weeks and determines the participant’s ability to work. Those not considered fully disabled have to participate in a ‘Work Focused Health Related Assessment’ in order to establish the degree of incapacity (Bertelsmann 2010: 34). The Work Capability Assessment has been criticised by an “eminent occupational health specialist” for lacking empathy and transparency and too strongly based on ‘mechanistic’ medical assessments, which has led to a low quality of resulting decisions. Accepting this, government gave Jobcentres more autonomy on ESA access for claimants and improved the transparency of Work Capability Assessment outcomes (Lindsay/Houston 2011: 7).

The shift from IB to ESA “requires all but the most severely sick or disabled new claimants to prepare for work, for example by taking part in rehabilitation or training” (Houston/Lindsay 2010: 134). Clearly, replacing the ‘Personal Capability Assessment’ with the ‘Work Capability

Assessment' raised the medical hurdle to be labelled as incapacitated (Houston/Lindsay 2010: 136). First results have shown that the share of rejected applicants has risen strongly compared to IB. Further, those accepted are categorised into two groups, while the 'work for those who can' group is by far larger than the 'security for those who cannot' group (Kemp/Davidson 2010: 204).

Nevertheless, compulsion and conditionality resulting from supply side labour market views have been backed up by "a commitment to provide a 'universal offer of personalised support' (Department for Work and Pensions 2008) and such promised of individually tailored services" (Houston/Lindsay 2010: 135 based on Stafford and Kellard 2007 and Lindsay et al. 2008). The work-focused interviews which serve as a basis for personalised training and rehabilitation, both targeted on re-employment (Houston/Lindsay 2010: 136) can be considered part of this. Another results-oriented feature is contracting-out of activation to private companies and voluntary organisations whose payments depend on how much claimants they bring into employment (Houston/Lindsay 2010: 136). Further, with ongoing incapacity benefit enrolment, re-employment probabilities decline (Kemp/Davidson 2010: 205 based on Department for Work and Pensions 2008 stating that there is 'real danger that without active help, people will become trapped on benefits for the rest of their lives'). Therefore, Houston and Lindsay give credit to the Employment and Support Allowance for setting in the integration mechanism quickly. One of the main problems recognised by the Labour government was that during bust cycles a huge number of (primarily low-skilled) workers enter the incapacity scheme, whereas the following economic upswing could not get claimants out of dependency, since they lost employability and motivation while on benefits (Lindsay/Houston 2011: 4, 9).

While stricter medical assessment can be an effective tool to reduce unemployment hidden as incapacity and reduce programme inflow, in-work adviser services for those returning to work under the Pathways to Work scheme had positive results (Lindsay/Houston based on Dixon and Warrender 2008). Such programmes can contribute to sustainable outflow. Also, the 'Black Review' from the Department of Health (2008) led to personalised support for sickness absentees to get back to work (Lindsay/Houston 2011: 17).

Yet, although Houston and Lindsay state that large numbers of unemployed have been hidden in the incapacity scheme, based on Lindsay et al. (2007) and Kemp and Davidson (2009), Houston and Lindsay (2010: 135) see some failure on policymakers' side to acknowledge that some of those labelled as incapacitated are really facing "complex health and employability-related barriers to work, which current and proposed supply-side policies are not always able to adequately address". Lindsay and Houston (2010: 138) state that on the micro level, improved health is the most important determinant of re-employment and further refer to Anyadike-Danes who states that the rising phenomenon of work incapacity due to mental health problems is explained only unsatisfactorily.

'Access to Work' (AtW) grants help disabled persons who want to start work, stay in work or start their own business. Money can be used e.g. for adaptation to the equipment the person uses at work, or for special equipment, funding for transportation to work if public transport is not possible, disability awareness training for colleagues etc. (Access to Work 2014a). Based on five studies, Clayton et al. (2011: 437) state that about half of the visually impaired AtW

recipients say they would not have remained employed without AtW. From an older worker perspective, the weakness of the programme is that, although older workers are stronger affected by disability than younger workers, the programme is focused more on younger workers and that only 5% of recipients have mental health problems although these problems are the most prevalent disabling complaint of those claiming IB (Clayton et al. 2011: 437). AtW is a small programme covering about 35 000 people, about 1,400 with mental health conditions (the share rose from 0.7% in 2007/2008 to 4% in 2013/2014). The bulk of help AtW pays for are for support workers and travel-to-work assistance (Access to Work 2014b; the statistics do not show recipients' age).

### **3.8 Other Policy Approaches**

#### **Age discrimination legislation**

Muller-Camen et al. (2011: 512) consider the UK (and Germany) to have been reluctant to introduce workplace age discrimination legislation and leaving employers generous leeway for own solutions. In 2006, the UK introduced its Employment Equality (Age) Regulations (Heywood/Siebert 2006: 1ff.), whereas its configuration is considered a 'light touch' approach by Muller-Camen et al. (2011: 512). Nevertheless, employers and HR managers became strongly interested due to the new legislation (Muller-Camen et al. 2011: 518 based on Parry and Tyson 2009), also against the backdrop of low knowledge of the already previously existing voluntary Code of Practice (Muller-Camen et al. 2011: 518 based on the Trade Union Congress which represents 54 unions and 6.2 million workers). Muller-Camen et al. (2011: 519) evaluate impacts as mixed: On the one hand, explicit age requirements vanished from job advertisements, on the other hand the Trade Union Congress notes that equal treatment for all age groups has been used by employers to justify downward levelling of older workers redundancy pay (Muller-Camen et al. 2011: 519). Further, CIPD (Championing better work and working lives, a non-profit organisation) suspects that the law could motivate smaller employers to set a retirement age who had none before and that misunderstanding of the law and risk aversion could lead smaller employers to retire their workers at 65 (Muller-Camen et al. 2011: 519 based on Flynn 2010). Muller-Camen et al. (2011: 521) suggest that due to the UK's employment relations (industrial disputes are not solved mostly internally as is the case in Germany) the law's impact could be greater than in the UK than in Germany due to higher employer fears of complaints reaching tribunals and therefore the public.

Noteworthy, there are age limits to the protection from age discrimination: "It may not be unlawful for an employer to discriminate against a job applicant where at the time of the application the applicant is over the employer's normal retirement age. Such discrimination is also not unlawful if the applicant will reach the employee's normal retirement within six months of the application for the job." Yet, for those within a job, "the upper age limit for unfair dismissal and redundancy claims is removed (unless there is a genuine retirement)" (compactlaw.co.uk 2014).

*Awareness campaigns*

Government published the 'Code of Practice in Age Diversity', 'Age Diversity at Work' and the 'Age Positive' website (Muller-Camen et al. 2011: 513). Older research (Muller-Camen 2011: 514 based on McNair et al. 2007) states that there are no changes in discriminatory behaviour by employers.

#### **4. Extending Working Lives and Lifelong Learning: Selected Innovative and Sustainable Approaches**

The Equalities Act 2010 means that policies in the UK rarely exclusively target older workers; they are available to workers of all ages. However, some policies are clearly designed more for older workers and have a larger impact on these workers.

In the companies we looked at it was reasonably common to offer a mix of policies covering flexible working, retirement planning, lifelong learning opportunities and opportunities for redeployment.

Flexible working opportunities include term-time, part-time and home working, flexible shift patterns, seasonal work, annualised hours and unpaid leave or possibilities for additional leave in exchange for working at periods of peak demand. In some cases there is a specific focus on allowing carers to fulfil their caring commitments alongside their employment, and one large company has a Carers Network providing support and guidance as well as providing training modules to support carers and raise manager awareness of how to better support carers.

The Equalities Act also means that lifelong learning opportunities are now more likely to be available for older workers (e.g. through removal of age limits on apprenticeship schemes).

Age profiling allowed some companies to consider retirement planning with some offering a phased retirement policy. Regular employee reviews covered the possibility of retirement and in some cases companies offered pre-retirement educational programmes covering information on pensions, taxation and working beyond retirement. Older workers in some companies were mentoring younger colleagues helping in knowledge/skill transfer.

For some jobs, often physically demanding jobs, there is the possibility to redeploy older workers to less demanding roles. In addition, some companies promoted occupational health and workplace adjustments were available reflecting employees changing needs.

## 4.1 Good practices on the supply side of labour

### Good Practice 1

#### 1. Actor

B&Q (part of Kingfisher plc) – DIY and garden centre retailer; 20.887 employees & 359 stores in the UK; registered in London. (<http://www.kingfisher.com/index.asp?pageid=33>).

Also operating as B&Q in Russia; Castorama in France, Poland and Russia; BricDepot in France, Romania and Spain; Koctas and in Turkey. In the UK, Kingfisher also runs 335 SCREWFIX stores.

#### **Mixed strategies/actors, i.e. are there different actors involved?**

“Diversity Champions” each store level are now key implementers of a strategy originally promoted from senior management.

#### **State of the art: What is being done?**

Track record of innovative work designed to ‘age’ the B&Q workforce and thus align it better with its customers’ profile, including

Setting up a store in Macclesfield employing only people over 50 (would now be considered in breach of legislation)

Removing fixed retirement age in 1989

More recent initiatives include:

A ‘treating people with respect’ policy (2006) along with interactive e-learning module (now being completed by every new employee as part of their induction programme; existing employees encouraged to complete the module)

New flexible working policy open to all employees after removing service criteria.

Term-time contracts introduced to allow grandparents to provide support to the family unit during holidays.

Publishing a new age diversity booklet showing B&Q’s unique journey over the last 20 years on achieving an age diverse workforce and promoting the successes B&Q and its employees have experienced (this booklet is available on both the internal and external websites).

Re-launching B&Q’s Diversity Champion conferences in 2007 (B&Q have a diversity champion in each store who supports the management team and generally helps to raise awareness of age issues).

#### **Public incentives used?**

No.

#### **In practice/idea/proposal**

Implemented.

#### 2. Reasons

A desire to match workforce to customer profiles in order to provide a better service and improve business performance.

#### 3. Description of approach

Focus on influencing perceptions and behaviours that may be deemed ‘ageist’ across the organisation.

#### **Is the approach targeted especially on older workers or on all age groups?**

Although the intention for the policy to benefit in particular older workers, much of it applies to all – and indeed involves all ages, e.g. the ‘respect for people’ campaign (diversity) or flexible working opportunities.

**3.1 Dimensions and quality of work****3.2 Values/Motivation**

Respect for People campaign aims to increase acceptance of all ages by all ages (and ethnicities, disability....)

**3.3 Professional Competence (Lifelong Learning)**

B&Q offers a Retail Management Graduate Programme and (several variants of an) Aspire Talent Programme, but they are open to all.

**3.4 Health****3.5 Close Social Network****3.6 Family, work-life balance**

Flexible working, which includes term-time contracts are intended to assist with accommodating family and work

**4. Work after retirement (“silver work”)**

About a quarter of the B&Q is said to be aged 50 or over. The oldest employee is 96 (as at website accessed on 26/7/2014)

**5. Life course orientation****6. Overarching dimensions of MOPACT**

Intergenerational solidarity (Respect for People campaign)

**7. Linkage to informal work/civic engagement/social volunteering?****8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation****10. Further relevant information (also sources such as literature, interviews etc.)**

## Good Practice 2

### 1. Actor

Centrica plc, energy company supplying generating, distributing and trading energy in UK and internationally, incorporating British Gas.

37,000 employees worldwide. 26.6bn GBP operating revenue; 2.7bn GBP operating profit (all 20013/14 data). Registered business address: Windsor, Berkshire.

www.centrica.comhttp://www.centrica.com

#### **Mixed strategies/actors, i.e. are there different actors involved?**

Yes – flexible working (workwise) and specific carer's program

#### **State of the art: What is being done?**

From Centrica website:

Providing opportunities for older workers by removing upper age limits for apprenticeship schemes while our graduate scheme also seeks the inclusion of mature graduates.

Older employees also play a crucial role within the business in sharing their expertise and nurturing skill development through mentoring younger colleagues.

Flexible working:- this could be because they choose to work past their intended retirement age, prefer to work part time, require flexible shift patters, take pre-retirement leave or utilise home working as a way to shorten their working day by reducing travel from commuting.

our flexible working practices help carers fulfil their caring commitments alongside their employment, while the Carers Policy enables them to take up to one month paid leave each year.

We also have a Carers Network of around 700 employees from across the business which is a valuable source of support and guidance for employee carers who can share information and experiences through the network.

In partnership with Employers for Carers and Working Families we are also developing training modules that will support our carers throughout the different stages of caring and help raise manager awareness of how we can better support our carer employees.

British Gas launched workshops and an online musculoskeletal toolkit to help reduce injury risk. Moreover, they introduced an occupational management advice helpline which contributed to a 60% reduction in occupational health referrals compared with 2012. For its efforts, British Gas also won 'Best for carers and eldercare', at the Working Families Awards in recognition of the strong support provided to our carer employees, such as our 700 strong Carers Network, that has helped them better juggle family and work commitments.

#### **Public incentives used?**

No.

#### **In practice/idea/proposal**

Practiced. Some still in preparation (training modules for carers)

### 2. Reasons

- Part of overall strategy to develop a "rewarding, fulfilling and inclusive place of work" and encourage employee engagement
- Develop a diverse workplace that can respond to a diverse customer base
- Retention and recruitment

"We believe that having a diverse workforce is essential to the success of our business because it enables us to better understand and meet the varied needs of our customers. Our older workers make a valuable contribution to the business by drawing not only on the depth of their professional expertise but also on their life experience. Given the valuable contribution our older workers provide, together with the fact that those working past their intended retirement age is expected to increase<sup>1</sup>, it is crucial that we continue to attract, retain and provide effective support to those in the later stages of their working lives."

<http://www.centrica.com/index.asp?pageid=1130&blogid=695>  
<http://www.centrica.com/index.asp?pageid=1130&blogid=695>

<http://www.centrica.com/index.asp?pageid=1130&blogid=695>

### **3. Description of approach**

- Supply-side focus in the form of training and flexible working (although the latter may have implications for demand side, too).

- In between: health and safety measures.

#### **Is the approach targeted especially on older workers or on all age groups?**

Some aspects, e.g. health and wellbeing policies, or flexible working, are generic; some circumstantial (e.g. Carer Network, officially specifically concerned with 45+, in reality carers may be any age). The removal of age qualifiers for apprenticeship and (de facto rather than de jure) graduate programmes seem the principal policy directed at older workers. Arguably, older employees' mentoring younger employees is a mix of responsabilisation of the former and cascading expertise to the latter.

#### **3.1 Dimensions and quality of work**

Caring

Life long learning

#### **3.2 Values/Motivation**

Emphasis on diversity of workforce (matching that of customers)

#### **3.3 Professional Competence (Lifelong Learning)**

#### **3.4 Health**

Workplace health & safety aspects prominent (cutting across the organization)

#### **3.5 Close Social Network**

Carer Network – informal exchange forum

#### **3.6 Family, work-life balance**

Carer Network – informal exchange forum

### **4. Work after retirement (“silver work”)**

Facilitated by legislative removal of default retirement age

### **5. Life course orientation**

### **6. Overarching dimensions of MOPACT**

### **7. Linkage to informal work/civic engagement/social volunteering?**

### **8. Other socially innovative dimensions touched worth being mentioned?**

### **9. Brief SWOT evaluation**

Easily transferable.

**10. Further relevant information**

Note that there are various reference on the Centrica website that point to their Diversity page, but this link is dead. It is difficult to find out more about their policies.

There is no trace of Centrica's Age Awareness e-course on their website. This course won the organisation the 2011 AARP award.

## Good Practice 3

### 1. Actor

The Clugston Group is a privately owned, limited, group of businesses covering construction, civil engineering, logistics, property development and facilities management. <http://www.clugston.co.uk>

The company employs over 500 people across the UK.

Registered Office - Scunthorpe, North Lincolnshire

**Mixed strategies/actors, i.e. are there different actors involved?**

**State of the art: What is being done?**

Skill Transfer:

Recruited trainees and apprentices

Started a mentoring scheme - where the trainee/apprentice is assigned a mentor (typically a long-serving employee)

Meet regularly to discuss issues/and progress; trainee/apprentice shadows the mentor; mentor supports them as they achieve qualifications

Performance and job Transfer

Drivers who cannot manage their workload are (where possible) redeployed to a less physically demanding driving role e.g. from transporting steel to flour or powders

Training:

Training not related to age. e.g. all drivers receive 1 to 1.5 days training per year- training up to NVQ Level 3

Succession Management

Use age profiling to identify workers who may be considering retirement as an option.

Allows regular review conversations to include possibility of retirement

**Public incentives used?**

No.

**In practice/idea/proposal**

Implemented.

### 2. Reasons

Concerns about succession planning and skill transfer

### 3. Description of approach

**Is the approach targeted especially on older workers or on all age groups?**

Focus on older workers through age profiling to determine when retirement conversations take place.

**3.1 Dimensions and quality of work**

**3.2 Values/Motivation**

**3.3 Professional Competence (Lifelong Learning)**

**3.4 Health**

**3.5 Close Social Network**

**3.6 Family, work-life balance**

- 4. Work after retirement (“silver work”)**
- 5. Life course orientation**
- 6. Overarching dimensions of MOPACT**
- 7. Linkage to informal work/civic engagement/social volunteering?**
- 8. Other socially innovative dimensions touched worth being mentioned?**
- 9. Brief SWOT evaluation**
- 10. Further relevant information (also sources such as literature, interviews etc.)**

## Good Practice 4

### 1. Actor

Guernsey Post. Postal service on the Channel Island of Guernsey. Revenue: 32m GBP (2012/13) Pre-tax profit: 0.7m GBP (2012/13). 222 FTE staff.

#### **Mixed strategies/actors, i.e. are there different actors involved?**

No.

#### **State of the art: What is being done?**

Retention of older employers through internal redeployment (typically from outdoor delivery to indoor service)

Also offers: pre-retirement training through an external service (informs employees on taxation, pensions, well-being, benefits, managing finances and working beyond retirement); occupational health promotion, including in-house physiotherapy (esp. beneficial for older members of the delivery staff, who may suffer from musculoskeletal problems)

Won the 2010 AARP International Innovation Employer Award

Other activities not age-specific: life-long learning support (incl. dedicated training room; IT training; workplace shadowing); flexible working; on-site recreational facilities (pool table, TV, video games, Internet)

#### **Public incentives used?**

No. (note Guernsey has no age or disability discrimination legislation).

#### **In practice/idea/proposal?**

Practised.

### 2. Reasons

Guernsey Post wants to be “employer of choice” (AARP)

### 3. Description of approach

Is the approach targeted especially on older workers or on all age groups?

The key measures noted above are for older employers, but it's unclear how this is defined.

#### **3.1 Dimensions and quality of work**

Recreational facilities (available to all)

#### **3.2 Values/Motivation**

#### **3.3 Professional Competence (Lifelong Learning)**

LLL programme (no details available; open to all employees)

#### **3.4 Health**

In-house physiotherapy disproportionately benefiting older employees

#### **3.5 Close Social Network**

#### **3.6 Family, work-life balance**

Special carer leave schemes (paid, unpaid)

**4. Work after retirement (“silver work”)**

Those reaching age 65 are asked if they wish to retire. Even before the abolition of the DRA, there was no push for retirement. Active retirement planning is facilitated through educational programmes.

**5. Life course orientation****6. Overarching dimensions of MOPACT****7. Linkage to informal work/civic engagement/social volunteering?**

Encourages volunteering as part of corporate responsibility programme. Not age-specific.

**8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation**

Very likely transferable.

**10. Further relevant information**

[www.guernseypost.com](http://www.guernseypost.com)<http://www.guernseypost.com>

## Good Practice 5

### 1. Actor

HM Revenue & Customs (HMRC) – UK tax authority.

HQ in London; approx. 61,000 full-time equivalent staff; revenues £500+ billion a year.

Public sector.

#### State of the art: What is being done?

Partial retirement policy

Appointment of Age Champion

Age Network of volunteers (?)

Unconscious Bias workshops

Senior Leader events incl. myth-busting

Wellbeing strategy

Note: there appears to be very little substantive information available as to what these initiatives actually entail. The HMRC annual report makes no reference to age management, but does mention (other) diversity policy objectives and approaches.

#### Public incentives used?

No

#### In practice/idea/proposal

Practised.

### 2. Reasons

Unclear. ENEI award statement refers to concern about losing knowledge and expertise through retirement.

The HMRC 2013-14 Annual Report states: “We want our workforce to reflect the diversity of our customers and we want to develop and use the collective experience of that diverse workforce to deliver a high quality service.” (p. 22)

Independent report commissioned by trade unions represented in HMRC, which subsequently featured in the ENEI awards, suggested poor industrial relations in the organisation triggering a rethink of working practices in order to improve employee engagement.

### 3. Description of approach

A lot of perceptual work, but also introduction of partial retirement policy as single most identifiable practical change. But unclear when introduced. The objectives appears to have been to retain older workers' expertise by facilitating more flexible working, in particular, reduced hours, compensated by pension payments.

Is the approach targeted especially on older workers or on all age groups?

Partial retirement policy is specifically targeted at older workers.

No information is available about The Age Network; so this is impossible to judge.

Similarly, there appears to be a dearth of information about the tasks and roles of Age Champions; but it's likely the target of both older workers and other workers, albeit with different means.

#### 3.1 Dimensions and quality of work

Partial retirement enables older workers to reduce hours worked with less financial penalty, whilst the opportunity to continue working add to future pension entitlement

**3.2 Values/Motivation**

Work aimed at improving perceptions of older worker (although no information appears to be available)

**3.3 Professional Competence (Lifelong Learning)****3.4 Health**

Wellbeing strategy not further specified.

**3.5 Close Social Network****3.6 Family, work-life balance**

Partial retirement policy is likely to contribute to work-life balance.

**4. Work after retirement (“silver work”)**

Yes, partial retirement policy. But no information available about age effects.

**5. Life course orientation****6. Overarching dimensions of MOPACT****7. Linkage to informal work/civic engagement/social volunteering?**

Age Network on volunteering (no further information)

**8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation****10. Further information**

## Good Practice 6

### 1. Actor

North Warwickshire Borough Council

<http://www.northwarks.gov.uk/http://www.northwarks.gov.uk/>

Atherstone, Warwickshire (rural community)

31% of staff aged over 50, 9% aged over 60

#### **Mixed strategies/actors, i.e. are there different actors involved?**

All senior managers and team leaders briefed on phased retirement policy by Human Resources Manager.

#### **State of the art: What is being done?**

- Phased retirement (applies to all employees)
- Flexible retirement arrangements
- Informal, but structured conversations (at least six monthly) between staff and managers on future plans (part of regular appraisal)
- Phased retirement criteria
- No detrimental effect on delivery
- Economically beneficial
- Fair to other team members
- Performance management, workplace adjustments for employees changing needs
- Flexible approach to re-deployment and re-training (precise details not clear)
- Phased retirement and skills transfer
- Regular review and risk assessment of each staffing role as part of divisional team planning - assesses potential impact of loss of each staff member

#### **Public incentives used?**

No.

#### **In practice/idea/proposal**

Implemented.

### 2. Reasons

The rhetoric is about fairness and no discrimination.

Changes to the Local Government Pension Scheme allow more flexible retirement.

Results indicate:

- Reduction in working hours for some workers working after age 65
- Reduced sickness,
- No performance issues for older workers choosing to stay in work after age 65.

### 3. Description of approach

It's not clear whether the original focus was on improved retention, the main rhetoric is on fairness and not being discriminatory, but impacts suggest improved retention of older workers.

Is the approach targeted especially on older workers or on all age groups?

Policies available to all employees through regular appraisal process and divisional team planning

#### **3.1 Dimensions and quality of work**

**3.2 Values/Motivation**

North Warwickshire Borough Council wants to deliver high quality services in a fair and equal way to all sections of the community.

The Council is committed to reflecting the full diversity of the community we serve and promoting our role as an employer, service provider, purchaser of goods and services and community leader without discrimination.

**3.3 Professional Competence (Lifelong Learning)****3.4 Health****3.5 Close Social Network****3.6 Family, work-life balance****4. Work after retirement (“silver work”)****5. Life course orientation****6. Overarching dimensions of MOPACT****7. Linkage to informal work/civic engagement/social volunteering?****8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation****10. Further relevant information (also sources such as literature, interviews etc.)**

## Good Practice 7

### 1. Actor

Queen Alexandra College - <http://www.qac.ac.uk/http://www.qac.ac.uk/>  
Birmingham

Education - specialist college for people aged 16+ who have visual impairments and other disabilities  
Roughly 200 employees, approximately 10% aged over 65

#### **Mixed strategies/actors, i.e. are there different actors involved?**

All senior managers and team leaders briefed on phased retirement policy by Human Resources Manager.

#### **State of the art: What is being done?**

Flexible working:

- Enables college to cover extended hours necessary to meet learners' needs
- Accommodates older workers' changing work preferences, whilst meeting the needs of the organisation
- A large proportion of part-time workers,
- Also flexible hours and reduced hours available
- Timetable negotiable provided notice given to enable college to meet needs of learners

Recruitment\_

- Age neutral - focus on skills, knowledge and ability to meet learners needs and business objectives
- Had difficulties in acquiring new staff in some key areas, so has developed own personnel through Certificate of Education qualifications, supplemented by mentoring and coaching

Skills transfer:

- Older workers play key role in skills development which is important given the college has specialist skills.
- Use mentoring and coaching on the job.

#### **Public incentives used?**

No.

#### **In practice/idea/proposal**

Implemented.

### 2. Reasons

The college has a disability focus which requires great flexibility to accommodate learners, staff and organisational needs.

### 3. Description of approach

Strong focus on specialist skills development enhancing employability

Is the approach targeted especially on older workers or on all age groups?

No focus on older workers, but older workers attracted by flexibility of work

#### **3.1 Dimensions and quality of work**

The college relies on specialist skills which develop over a long period of time, and leads to high job retention

**3.2 Values/Motivation**

The mission of Queen Alexandra College is to create challenging learning opportunities for people with visual impairment and/or other disabilities to realise their potential to work and live independently.

**3.3 Professional Competence (Lifelong Learning)****3.4 Health****3.5 Close Social Network****3.6 Family, work-life balance****4. Work after retirement (“silver work”)****5. Life course orientation****6. Overarching dimensions of MOPACT****7. Linkage to informal work/civic engagement/social volunteering?****8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation****10. Further relevant information (also sources such as literature, interviews etc.)**

## Good Practice 8

### 1. Actor

Ronseal - <http://www.ronseal.co.uk/> - wood-care and waterproofing.

Wholly owned subsidiary of "The Sherwin Williams Company" - paint manufacturer - <http://www.sherwin-williams.com/>;

SIC - 2851 Paints, Varnishes, Lacquers, Enamels, and Allied Products

Employs a staff of approximately 280; 33% over 50, 10% over 60

Registered in Sheffield.

#### **Mixed strategies/actors, i.e. are there different actors involved?**

"Diversity Champions" each store level are now key implementers of a strategy originally promoted from senior management.

#### **State of the art: What is being done?**

High levels of staff retention and long service, which is recognised and celebrated.

Positive attitude towards older workers:

- Flexible working arrangements
- Product demand is seasonal, so contracts are based on annualised hours or 4 day week (Monday-Thursday, 38 hours)
- Option to take 10 days additional leave outside periods of peak demand in exchange for Friday working when demand is high.
- Or an option to take 10 days additional leave outside periods of peak demand (unpaid) - popular with older workers.
- Reduces demand for temporary workers
- Return to work policies
- When a worker has a health problem - works closely with occupational health, employees and employees' doctor to agree and implement an extended phased return to work.
- Progress regularly reviewed
- Performance management, workplace adjustments for employees changing needs
- Reviewing pre-retirement advice and performance management processes
- Only offered once an employee indicates they wish to retire
- Bi-annual retirement seminars available to all employees
- Questions in appraisals about future plans (all employees irrespective of age)
- Where employee performance is failing or employee indicates unable to work as they used to, but want to continue working - adjustments made in consultation with occupational health consultants. (e.g. moved to 3 day week and buddied up with a colleague on tasks they could no longer perform alone; bigger screen, painting steps)
- Phased retirement and skills transfer
- If experienced member of staff with key skills indicates they wish to retire a successor is identified and mentored.
- Recruitment - age neutral **Public incentives used?**

No.

#### **In practice/idea/proposal**

Implemented.

### 2. Reasons

- Flexible working reduces the demand for temporary workers.

- Pre-retirement advice and performance management supports succession planning and a performance culture
- Evidence of no relationship between age and absence
- Retention of key skills
- Reduced training costs

### **3. Description of approach**

Focus is mainly on retention of workers with key skills, but also allows succession planning.

#### **Is the approach targeted especially on older workers or on all age groups?**

Most policies are available to all age groups, but some focus on identification of retirement plans of workers with key skills.

#### **3.1 Dimensions and quality of work**

#### **3.2 Values/Motivation**

"The company has a family feel about it. We are honest with each other and always deliver on our promises"

#### **3.3 Professional Competence (Lifelong Learning)**

#### **3.4 Health**

#### **3.5 Close Social Network**

#### **3.6 Family, work-life balance**

### **4. Work after retirement ("silver work")**

### **5. Life course orientation**

### **6. Overarching dimensions of MOPACT**

Intergenerational solidarity - mentoring, succession planning

### **7. Linkage to informal work/civic engagement/social volunteering?**

### **8. Other socially innovative dimensions touched worth being mentioned?**

### **9. Brief SWOT evaluation**

### **10. Further relevant information**

## Good Practice 9

### 1. Actor

TESCO - largest UK food and general household retailer. 300,000+ employees in the UK; almost 3,000 stores. Revenue: £42 billion in 2011/12.

#### State of the art: What is being done?

2004: TESCO introduced policy on working beyond retirement, and a recruitment campaign to attract people from different sections of the community, including older workers.

Offers job training to school leavers, people post-retirement or starting a second career

Flexible working to allow management of family responsibilities and work

[Tesco also increased the age at which workers can claim their full pension entitlement]

#### In practice/idea/proposal

Practised: employing about 2,500 people whose age is above the traditional retirement age (2009); 1-in-5 over 50 (2008). But see note under 3 below.

### 2. Reasons

Tesco states:

"We believe we can't afford to be complacent around diversity issues and are continually working on initiatives to attract people from all backgrounds.

We aim to employ people who reflect the diverse nature of society and we value people and their contribution, irrespective of age, sex, disability, sexual orientation, race, colour, religion or ethnic origin.

We also try and make sure everyone can work in a way that suits their circumstances - we support flexible working, offering part-time roles and encouraging job-sharing opportunities and shift swapping where possible."

### 3. Description of approach

Employability: training and education.

Workability: flexible working

#### Is the approach targeted especially on older workers or on all age groups?

No. The policy simply is that training measures and flexible working are open to all, or so is the claim.

In reality, looking at the current Tesco website (as at 2 Aug 2014), it is notable that policies for youth and gender policies are prominent, whereas there is little mention of age management issues apart from in the above mentioned context. In fact, performance indicators only record gender breakdowns. There is nothing on age, including youth.

#### 3.1 Dimensions and quality of work

#### 3.2 Values/Motivation:

Diversity, reflecting society (and customer profile) and resulting efficiency and profitability.

#### 3.3 Professional Competence (Lifelong Learning)

unclear if training is connected to specific job needs or more broadly advocated (recent note on Tesco website refers to a 71-years old apprentice)

#### 3.4 Health

**3.5 Close Social Network****3.6 Family, work-life balance**

Flexible working for carers

**4. Work after retirement (“silver work”)**

Yes. Tesco has been increasing its share of older workers (50+) in recent years through greater retention of existing employees (also post-retirement age) and recruitment.

**5. Life course orientation Not apparent****6. Overarching dimensions of MOPACT****7. Linkage to informal work/civic engagement/social volunteering?****8. Other socially innovative dimensions touched worth being mentioned?****9. Brief SWOT evaluation****10. Further relevant information**

## **5. Extending Working Lives and Lifelong Learning: Drivers and Barriers**

### **5.1 Supply Side**

The concept of 'employability' plays a crucial role in informing labour market policy in the UK, the EU and beyond as discussed by McQuaid and Lindsay (2005). The concept, however, is not well understood and a number of different definitions exist. Employers tend to focus on individual qualities and competencies that meet the needs of employers (CBI, 1999), whilst the definition conceived by the UK government is broader covering the encouragement of the development of skills, (HM Treasury, 1997). Even broader definitions include the interaction of personal circumstances and the labour market (DHFETE, 2002), which follow approaches suggested by Hillage and Pollard (1998). Here the idea of both gaining employment and maintaining employment are considered as well as movement between roles and different jobs.

#### **5.1.1 Workability / Employability**

There is mixed evidence concerning employers' preferences and practices with regards to the employment of older people. Findings from WERS 2004 show that around five per cent of employers actively targeted older workers for recruitment, particularly in the transport and communications, financial services and public administration industries (Barnes et al, 2009). There are a number of reasons why employers may choose to target older workers, including employers' perceptions that there is a skills shortage among young people for certain jobs (e.g., engineering, butchering and coach driving), perceptions that older workers have a stronger work ethic, are more experienced, better able to command authority, and better able to build rapport with certain customer groups (McNair et al, 2007; Barnes et al, 2009). The latter claim is frequently cited with regards to the retail industry, in which some large businesses such as B&Q have implemented high profile 'age positive' recruitment campaigns in order to attract older workers to match the age composition of their customers (Employers Forum on Age, 2007). Additionally, Chandler and Tetlow (2014) state that the greater availability of service sector jobs could benefit older workers as they are less physically demanding and emphasise 'soft skills'.

More generally, since the implementation of the Employment Equality (Age) Regulations 2006 there has been a rise in the number of employers who have in place equal opportunities policies that addresses age (Metcalf and Meadows, 2006; Barnes et al, 2009). From 2005 to 2010 the proportion of employers who had these in place increased by 11 percentage points to 67 per cent, covering 84 per cent of the workforce in 2009-10 (Metcalf and Meadows, 2010). The extent of age related workplace equal opportunities policies varies according to sector and organisation size, and are less likely in smaller employers and employers in the private sector, and more likely in unionised workplaces; and in the manufacturing, transport and communication, wholesale and retail and hotels and restaurants industries (Barnes et al, 2009; Metcalf and Meadows, 2010).

However, the positive employer attitudes towards older workers highlighted above are by no means universal. Whilst there is evidence that employers have been taking more steps to

address discrimination since the implementation of the 2006 Regulations, age discrimination remains a barrier to the employment of older workers at all stages of the employment process.

One recent illustration of this is a study in which researchers sent 1,200 job applications to employers as both younger and older workers using identical CVs with the exception of age, and found that the job applications from the older 'applicants' were significantly more likely to be rejected (Tinsley, 2012). Older applicants, however, may respond to the barriers that they face in the recruitment process by eschewing formal recruitment processes and using their personal contacts to find work (Loretto and White, 2006).

Some older applicants also perceive smaller organisations to be more likely to recruit them and acknowledge the value of their years of experience. Indeed, UKCES (2012) also suggests that smaller businesses are more likely to both use informal recruitment practices and place importance on experience in the recruitment process. Whilst recruitment practices that emphasise the importance of years of experience may have advantages for older people, they can be discriminatory towards younger applicants if they are not appropriately justified (Metcalf and Meadows, 2010).

In terms of job retention, the content of work can play a large role in determining the likelihood of a person staying or leaving employment in later life. Blekesaune, Bryan and Taylor (2008) found that women in jobs with low levels of autonomy and men in 'unsatisfying' jobs were more likely to leave work early. Other factors they identified that increase the likelihood of leaving employment in later life include: poor health, lack of access to training and, for women, being childless.

Evidence from OECD countries shows that of those who do leave work between 50 and 64 years of age, the majority move to unemployment or onto disability benefits rather than retirement. Re-entering work is more difficult for older workers evidenced by the greater proportion of UK jobseekers aged 50+ who are still unemployed after a year in comparison to younger individuals (Cory, 2012). Additionally, an analysis of 18 years of British Household Panel Study (BHPS) from 1991 indicates that wage scarring (i.e. a negative effect on future wages) due to unemployment is greater for men aged over 50 than for their younger counterparts (Tinsley, 2012).

Several companies have implemented innovative policies to attract and retain older workers. These often include flexible working arrangements that allow older workers to fit work with other commitments, which are often prevalent for older workers. For example term-time contracts have allowed grandparents to provide support to their families during term-time; whilst home working is an effective way of shortening the working day by eliminating commuting time. Partial retirement policies have been attractive allowing older workers to reduce hours compensated by pension receipt. Other flexible working practices used include job sharing shift swapping.

Where there is seasonal demand, annualised hours can be an effective way to meet demand and provide flexible leave arrangements. One example of this is the possibility to take 10 days extra leave outside periods of peak demand in exchange for longer working during periods of peak demand; or the ability to take unpaid leave outside of periods of peak demand. In these

situations, there are business benefits in reducing the demand for temporary workers and the costs of training workers.

However, influencing workplace culture is also seen as important where policies have been introduced to influence perceptions and behaviours that may be deemed ageist. Long service can be recognised, so that the contribution of older workers to the business can be celebrated and promoted not only by drawing on their professional expertise but also their life experience. Diversity Champions have also been used as key influencers to promote company strategy.

#### **5.1.1.1 Health**

Health and healthy living have become increasingly important issues both in society at large and in the workplace. Employers and trade unions are taking a broader view of health at work so that issues such as smoking, alcohol and stress are being considered alongside traditional occupational health issues such as noise, dust and chemical hazards (ACAS, 2012).

Work can have a positive impact on our health and wellbeing. Healthy and well-motivated employees can have an equally positive impact on the productivity and effectiveness of a business. However, achievement of work-life balance requires understanding of the relationship between work and physical as well as mental wellbeing.

Government figures (Choosing Health WhitePaper, 2004) indicate that two million people suffer an illness they believe has been caused or made worse by their work. This can take the form of stress, anxiety, back pain, depression and increased risk of coronary heart disease.

Good employment relations depend upon effective policies for managing people; covering communication, absence, grievances and occupational health. Furthermore, high levels of trust between employees and managers, which can be nurtured by involving employees in decision-making and developing an open style of communication.

Occupational health policies can be important drivers for staff recruitment and retention particularly for older workers. An occupational management advice helpline contributed to a 60 per cent reduction in occupational health referrals.

##### *Physical health*

Redeployment of workers who cannot manage their workload is an important aspect of age management policies to keep (often) older workers in the workforce for longer. Typically these involve switches to a less physically demanding role in the organisation, for employees whose contribution to the organisation is valued.

Workshops and an online musculoskeletal toolkit have also been introduced by an employer to try to reduce injury risk, whilst an initiative to provide in-house physiotherapy has been implemented in order to minimise absence due to injuries.

Flexible working can also be used to facilitate workers with both physical and mental health problems, and this can include a phased return to work following health problems, which is regularly reviewed.

### **5.1.1.2 Life-cycle Orientation / Reconciliation of Paid Work and Care / Informal Work**

Age profiling is being used by some employers to identify workers who may be considering retirement. Regular review meetings can then include discussions about retirement planning from the perspective of workers to ensure they have a smooth transition to retirement with information provided regarding pensions, taxes, benefits, financial management and working beyond retirement. In such circumstances, the employer also benefits through the ability to carefully plan for succession management. Regular seminars on retirement can help worker awareness of options available to them.

In some cases, phased retirement is conditional on being fair to other team members and is therefore considered as part of team planning. This is typically couched in terms of risk assessments associated with the loss of team members. Similarly, decisions about working beyond state pension age typically have to be beneficial for the company.

The need for work-life balance flexible workplace policies will increase as the workforce ages (CIPD, 2012). Older workers often want to reduce their working hours during their transition into retirement, and many unemployed older workers consider flexible working to be a necessary precondition of their willingness to take up employment (Smeaton et al, 2009). The authors discuss how unemployment of the 50+ age group is primarily related to caring responsibilities for women as well as poor health for both genders. In a survey of 1,494 respondents aged between 50 and 75, 38 per cent of those with caring responsibilities were dissatisfied with the number of hours they worked in comparison to 27 per cent of all older workers. Additionally, the authors state that one of the barriers to older people achieving the flexible hours they desire is low wages, as flexible employment options are often restricted to low-paid, low skill and lower status occupations. They additionally describe how some individuals wanted to work reduced hours but could not afford to do so.

The ageing population and increases in life expectancy is also likely to lead to a rise in the need for informal care. Pickard et al (2012) project that there will be a 70 per cent increase in the demand for informal care by 2031, which is likely to lead to an increase in the demand for flexible working among carers. In his analysis of WERS, Bryan (2012) found that the availability of flexitime and reduced working hours for carers increased the time they were able to spend caring by 13 per cent. This is most relevant for people aged 50 to 59, as these are the ages when the number of hours spent caring peaks, with almost a quarter of women and one in five men in their fifties responsible for informal care (Bryan, 2012; Yeandle, 2006).

Flexible working allows carers to fulfil caring responsibilities. As discussed above, term-time working has allowed grandparents to provide family support during holidays, but some employers have introduced carers policies that for example enable carers to take one month paid leave each year. In addition, a carers network has been introduced to provide support and guidance and sharing of experiences across the workforce. Training modules can support carers managing their diverse responsibilities and help raise managers awareness of how to better support carers.

### **5.1.1.3 Lifelong Learning**

While access to training has traditionally decreased with age McNair (2012) discusses the recent change in this trend, pointing out that employers are more likely to invest in training for individuals over 50 than those in their 40s. The National Adult Learning Survey (BIS, 2012) also indicates that the decrease in training participation becomes more evident from the age of 60 rather than earlier. However, the training undertaken by older workers is more likely to be of poorer quality and less likely to improve their skills, working practices or pay, reflecting low levels of workplace progression among older workers (Felstead, 2010).

There is evidence that a higher level of participation in training among older employees is positively correlated with remaining in work (Lissenburgh and Smeaton, 2003; Armstrong-Stassen and Ursel, 2009). Where training appears to be less effective is for older, unemployed individuals unless the learning undertaken provides a licence to practice, or is job and company specific, and includes experience with the company (McNair, 2012).

Alongside policies for re-deployment of staff when physical limitations mean a change of task is necessary, firms typically have re-training programmes to aid such redeployment. There are other examples where specific job training for people post-retirement has been designed, and some employers have removed upper age limits for apprenticeship and graduate schemes with a goal to include mature employers. Where staff recruitment has been problematic, development of new qualifications with appropriate coaching and mentoring has helped alleviate the problem. Mentoring of younger workers by older workers is seen as an effective way of retaining older workers whilst nurturing the skill development of younger workers.

### **5.1.2 (Sustainable, real) Self-Employment**

Self-employment is a popular option for many older workers who want to build on past experience, develop specialist knowledge and increase control over their working lives.

Self-employment increases with age with roughly one-third of people aged 66 to 75 self-employed (George et al., 2015). The authors found no indication that self employment has become more prevalent in the last 20 years, with the exception of this age group, so self employment has become an increasing part of working past state pension age perhaps offering older workers more control over the intensity of their work effort, but also reflecting a lack of opportunities to remain working as employees.

Support for self-employment is typically associated with social entrepreneurs. For example, UnLtd support social entrepreneurs throughout the UK and have frequently worked with over 50s.

Meanwhile, for recipients of certain benefits New Enterprise Allowance can provide money, support and mentorship to help set up a business. Under the scheme, a specialist assesses the business idea and if it has potential the recipient will be assigned a business mentor. If the business plan is approved and the entrepreneur works for their business for 16 hours or more per week they can claim financial support. This takes the form of a weekly allowance paid for up to 26 weeks (up to a total of £1,274) and a start-up loan of between £500 and £25,000. The

loan has to be paid back, but the allowance does not.

### **5.1.3 Work beyond Legal Retirement Age**

Working past State Pension age is relatively common and workers are protected by law against discrimination. This is particularly true for women with the number of women aged over 60 in employment at record levels and the number of older women workers is growing faster than any other age group.

Working beyond State Pension age means that workers no longer have to pay National Insurance, but may be eligible for income tax. They can also claim their State Pension whilst working and if they have reached the age agreed with their pension provider they can claim their personal or workplace pension.

There is no official retirement age and workers usually have the right to work as long as they want to. There are some circumstances when employers may have the right to set a compulsory retirement age, but an employer cannot make a worker redundant because of their age.

When applying for a new job, applicants do not have to give their date of birth and employers cannot make the applicant give this information if they do not want to. Employers also cannot set an age limit for a job, unless they can justify it (e.g. because of certain physical abilities) or it is a limit set by law, e.g. for the fire service.

Workers of any age can request flexible working.

Working beyond the State Pension age also does not necessarily mean continuing to be an employee. Self-employment can be an attractive option particularly for individuals with modest incomes for whom forming a limited company or being VAT registered is not required. Operating as a sole trader means that some expenses will be tax-deductible.

Inadequate income following divorce, the death of a partner or the need to help with the costs of caring for an elderly parent can influence the decision to work beyond State Pension age. However, many miss the stimulation of the work environment and choose to continue to work for other reasons.

## **5.2 Demand Side**

### **5.2.1 Financial Incentives for the Employment of Older Worker**

There are no financial incentives in the form of wage subsidies available for the recruitment of older workers in the UK. However, tax credits do act as a financial incentive. The eligibility for tax credits includes age, but some credits have been for families with children and, consequently, have been concentrated on younger workers. Tax credits have been used for two purposes: to supplement low income (irrespective of work status) and to encourage low-paid employment (through subsidising low earnings), i.e. to '*make work pay*'. The former have tended to focus on families with children or disabled people. The latter have had paid work eligibility criteria, but have also sometimes restricted eligibility by family status or personal characteristics. The current system was introduced in 2003 (Revenue Benefits, 2014). It has both types of tax credits: a Child Tax Credit, for parents and not requiring employment, and a Working Tax Credit, with employment criteria. The previous system did not provide tax credits to most low-paid people without children.

Working Tax Credit for those not responsible for children requires those aged 25–59 to work at least 30 hours per week, reduced to 16 hours for those aged 60 and over. Disabled people may claim from the age of 16, as long as they work at least 16 hours per week.

Universal Credit is replacing tax credits, jobseeker's allowance, employment and support allowance, income support, and housing benefit. Those on low income or out of work may be able to claim.

### **5.2.2 Non-Financial Incentives for the Employment of Older Worker**

Legal protection against age discrimination in employment was introduced in 2006 with the Employment Equality (Age) Regulations (EE(A)Regulations). The regulations covered age discrimination in relation to any age. However, for older people, it included a 'default retirement age' allowing employers to set a compulsory retirement age of 65 or over. This provision was abolished in 2010 although compulsory retirement could continue for a further year from abolition. The regulations were superseded by the Equality Act (2010), bringing together and extending various Acts and regulations covering discrimination and equal pay (e.g. the EE(A)Regulations, the Equal Pay Act, the Race Relations Act and the Disability Discrimination Act). The age provisions of the Act were implemented in 2012.

The government supported the age discrimination legislation through their Age Positive campaign. This now comprises a website which brings together research and information on effectively managing an ageing workforce of all generations.

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