

Extending Working Life – Policy Landscape

Work Package 1

National Report UK

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Contents

1.	Introduction	3
2.	Population Ageing	5
2.1	Demographics	5
2.2	Economy and Labour Market	5
3.	Policy Responses to Population Ageing	10
3.1	Pension Policy	11
	Loss of and changes to defined benefit schemes	11
	Declining annuities	12
	Retirement flexibility	12
	Taxation	12
	Policy Initiatives	13
3.2	Health	14
	The UK Health Challenge	15
	Statutory overview	15
	Health Campaigns	16
	Health Screening	16
	Public Health Responsibility Deal	17
	Obesogenic environment	18
	Age Management, Health and Safety in the workplace	18
3.3	Welfare Programmes	20
3.4	Labour Market Policy	21
	Activating the unemployed	21
	Geography of unemployment	22
	Promoting Flexibility	22
	Focussing on the demand side	23
3.6	Life-long learning	25
	The case for lifelong learning: promoting flexibility and resilience	26
	Age and learning – incidence and recent trends	28
	Investment in adult learning	29
	Cumulative advantage/disadvantage	29
	Policy initiatives	30
4.	Looking to the Future	31
4.1	Challenges of evaluating the impact of specific policy measures	32
4.2	Looking to the future: recruitment and retention	36
	References	40

1. Introduction

In an age management guide for employers (CIPD, 2012) the need to accommodate older workers is set out starkly:

“it is predicted that UK employers will need to fill an estimated 13.5 million job vacancies in the next ten years but only 7 million young people will leave school and college over this period... Increasingly, employers will have to rely on older workers to fill these vacancies“.

The report suggests that migration alone will not fill the gap, especially given that the Government has pledged to reduce net migration to tens of thousands a year (although these targets have been unmet). By 2020, 36% of the working population will be over 50 (Government Actuary’s Department). Promoting extended working lives (EWL) has therefore become a key policy objective in the UK in response to concerns that the state pension system will collapse and skills shortages will damage national economic performance. EWL objectives are also informed by a need to reduce the incidence and degree of poverty in old age. Income inequalities among older workers often continue into the retirement years. In order to tackle poverty in older ages, it is necessary therefore to take a life-course perspective to ensure that individuals have the opportunities, support, skills and training necessary to remain in employment, with prospects to save, throughout their lives

Much research has been commissioned over the past 20 years or so to understand employment trends among older workers, account for the emergence of an early retirement culture in the 80s and 90s and identify effective policy solutions to reverse these trends. A combination of inter-linked determinant factors at the macro (national and supra-national), meso (employer) and micro (individual) levels have been identified.

It is also widely recognised that the retirement decision has become more complex; the transition has become less institutionalised, fewer people experience it as an abrupt cliff edge and retirement is now less of an event and more of a process. As an increasingly individualised experience the transition now exhibits considerable variety in terms of pathways and timing (with bridge jobs; phased retirement; and reverse retirement all becoming more common). Yet while this description of greater individualisation implies greater agency over the process, structural constraints loom large. Individuals make choices within macro-economic contexts and also in the context of families. The importance of a life-course perspective is also increasingly recognised – such that the range of options facing us at any one point in time will also be influenced by past experiences and career histories, which evidence shows can have long term scarring or protective effects such that advantages or disadvantages accumulate over time.

More recently, the conceptualisation of decision making has been reconsidered and the limits of a rational choice framework in steering individual behaviour increasingly recognised. As noted by Weyman et al (2013), people more readily react to options they are presented with rather than actively planning and seeking information including in relation to extended working life options, pension investment choices or retirement planning. Rather than targeting human rationality a ‘nudge’ perspective

(Thaler and Sunstein, 2009) proposes instead a focus on choice architecture. One such example is the introduction in 2012 of an automatic-enrolment pension initiative which requires individuals to contract out rather than contract in. This is said to be more effective than taking an educational or campaigning approach. This approach is also consistent with shifts in policymaking since 2010. While the previous Labour Government was in favour of regulation, the current and previous coalition governments (especially given recessionary conditions and the 2008 crash) are more in favour of 'nudge' approaches as a softer alternative to regulation¹. Indeed, to reduce the burden of red tape on businesses the government introduced a one-in, one-out system for any new regulations that impose costs on businesses².

Successive Governments have targeted several areas for reform to promote EWL, these are discussed in the following chapters.

¹ In 2010 a Behaviour Insights Team was established which came to be known as the Nudge Unit. The aim was to more effectively design policy and interventions drawing on insights from behavioural economics and psychology (Thaler and Sunstein, 2009) and recognising the power of choice architecture.

² Since 2011 ministers have had to identify an existing piece of regulation to be removed for every new rule proposed. This has since been updated to a 'one-in, two-out' rule (departments now have to remove or modify existing regulation(s) to the value of £2 of savings for every pound of cost imposed.

2. Population Ageing

2.1 Demographics

Average life expectancy has increased over recent decades, with one in five children born so far this century expected to survive into the next. Average life expectancy has increased: from age 77 in 1981 to age 83 in 2013 for women and from age 71 to age 79 for men. Growth in the number of centenarians in the UK is also projected to continue. In 2013 a man aged 65 had, on average, a further 18.3 years of life remaining and a woman 20.8 years³. By 2024 nearly half the adult population will be 50 and over (Taylor, 2007) while 36% of the working population will be over 50 (Government Actuary's Department).

Fertility rates in the UK have fallen below replacement levels. Rates peaked at nearly 3 children per women in the 60s 'baby boom' era. In 2001, the total fertility rate hit a record low of 1.56, but has increased each year since then, reaching 1.84 children per women by 2011.

As a result of these trends, demographic support ratios have fallen. In 2008, there were 3.2 people of working age for every person of state pensionable age. This ratio is projected to fall to 2.8 by 2033, taking into account the future changes to SPA (ONS, www.statistics.gov.uk).

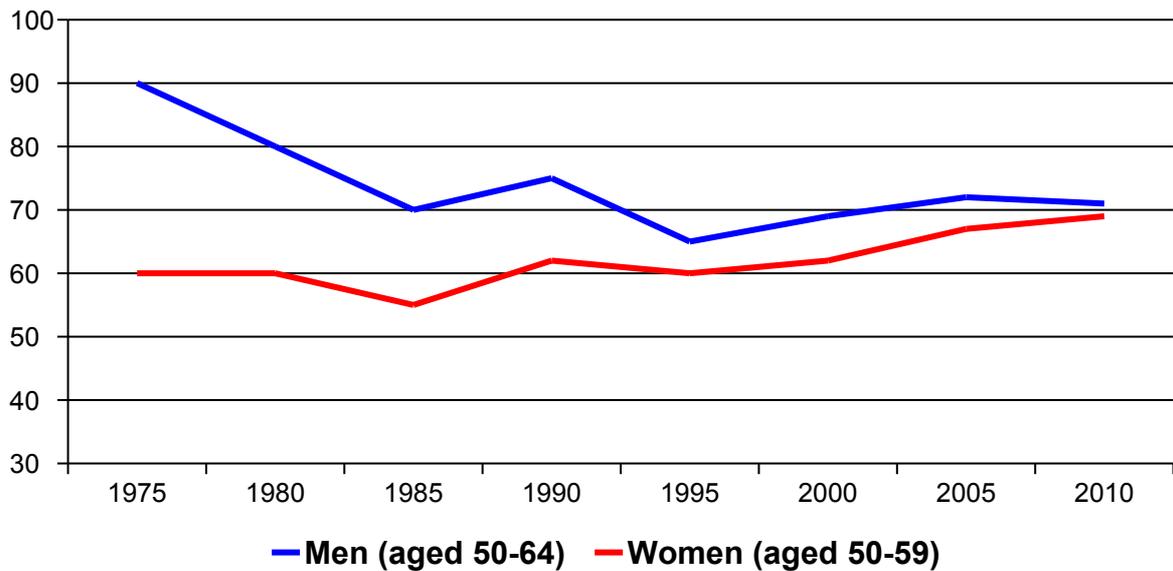
2.2 Economy and Labour Market

Alongside an ageing workforce, trends in employment have also given cause for concern, with a dramatic decline in the labour market participation of men during the 1970s, 1980s and 1990s and the emergence of an 'early retirement' culture (Figure 1). The employment rates of women did not experience the same precipitous drop. These gender differences and the scale of decline affecting men, reflects deindustrialisation and deep rooted economic restructuring. During the recessions of the 1970s and 1980s and the associated contraction of the manufacturing sector, older men were increasingly evicted from employment. This was both because they were concentrated in the "sunset" industries, such as coal extraction and the manufacturing sector, and because they were among the first to be made redundant, with unions supporting early retirement solutions such as the Job Release Scheme, to workforce management problems (Stoney and Roberts, 2003; Taylor and Walker, 1998). Once unemployed, the over 50s remain unemployed for the longest periods of time. This is largely as a result of age discrimination in the recruitment behaviour of employers (Taylor and Walker, 1994; Arrowsmith and McGoldrick, 2001); a lack of formal educational qualifications (Stoney and Roberts, 2003); and skill-biased technological change (Machin, 1996). Although employment levels have started to

³ <http://www.ons.gov.uk/ons/rel/lifetables/national-life-tables/2011-2013/stb-uk-2011-2013.html>

pick up again since the mid-90s, they have not returned to the levels seen in the past.

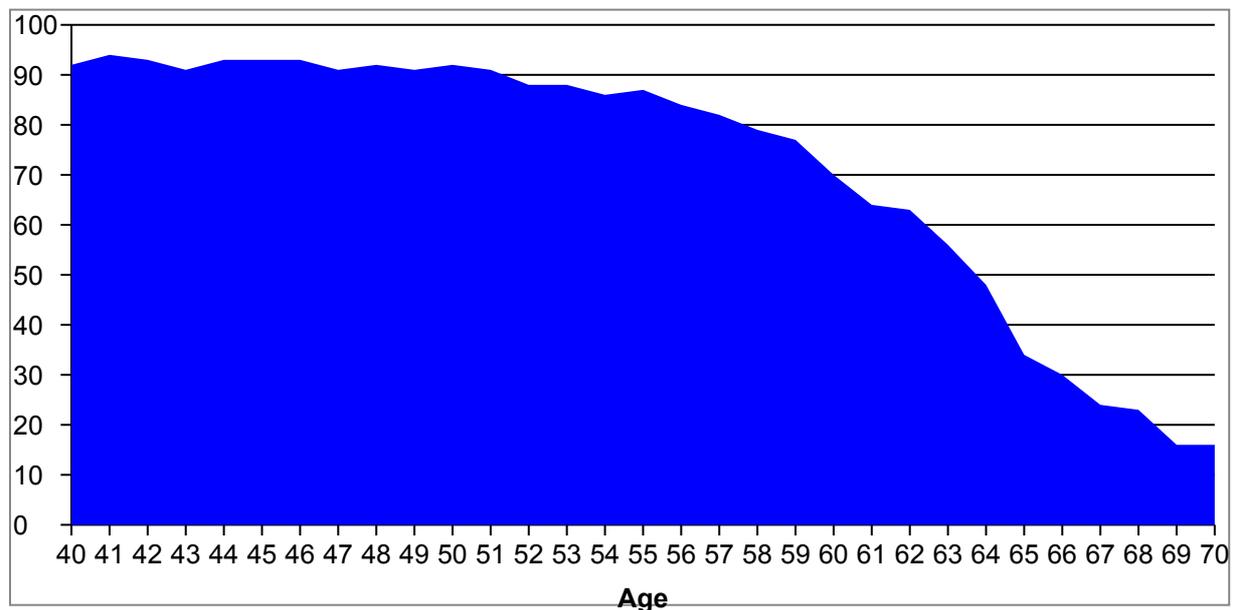
Figure 1: Employment Participation Rates Men and Women UK



Source: OECD

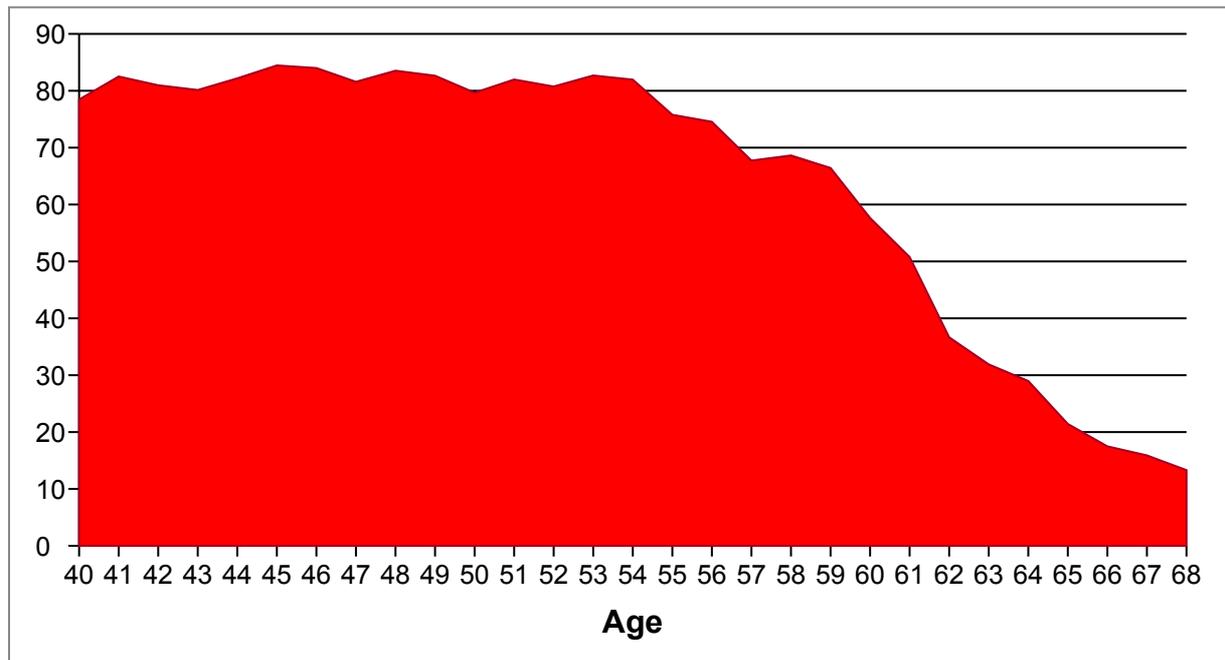
Figure 2 shows the rapid decline in employment among men which, in 2014, begins from around the age of 55. Figure 3 provides data for women in 2014, by which time SPA had increased to age 62, indicating that participation rates have commenced their downward trend from the age of 54.

Figure 2: Male Employment Participation Rates by Age UK 2014



Source: OECD

Figure 3: Female Employment Participation Rates by Age UK 2014

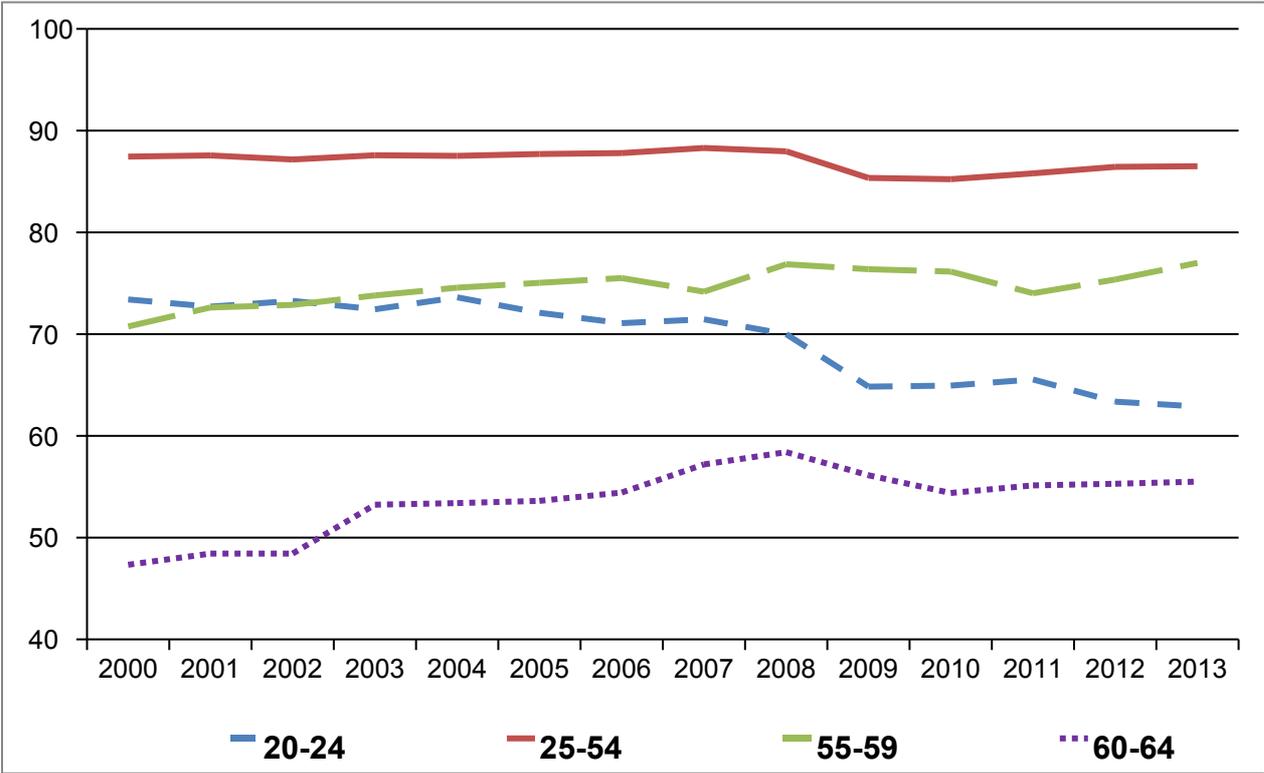


Source: OECD

The financial crash of 2008 and subsequent recessionary period adversely affected the employment rates of all age groups but as can be seen in Figure 4, younger workers have been hit hardest. Between 2000 and 2013:

- Employment rates of 60-64 year old men increased from 47.3% to 55.5%
- Employment rates of 55-59 year old men increased from 70.8% to 77%
- Employment rates of 25-54 year old men fell from 87.4% to 86.5%
- Employment rates of 20-24 year old men fell from 73.4% to 62.9%

Figure 4: Male employment participation rates 2000-2013 UK

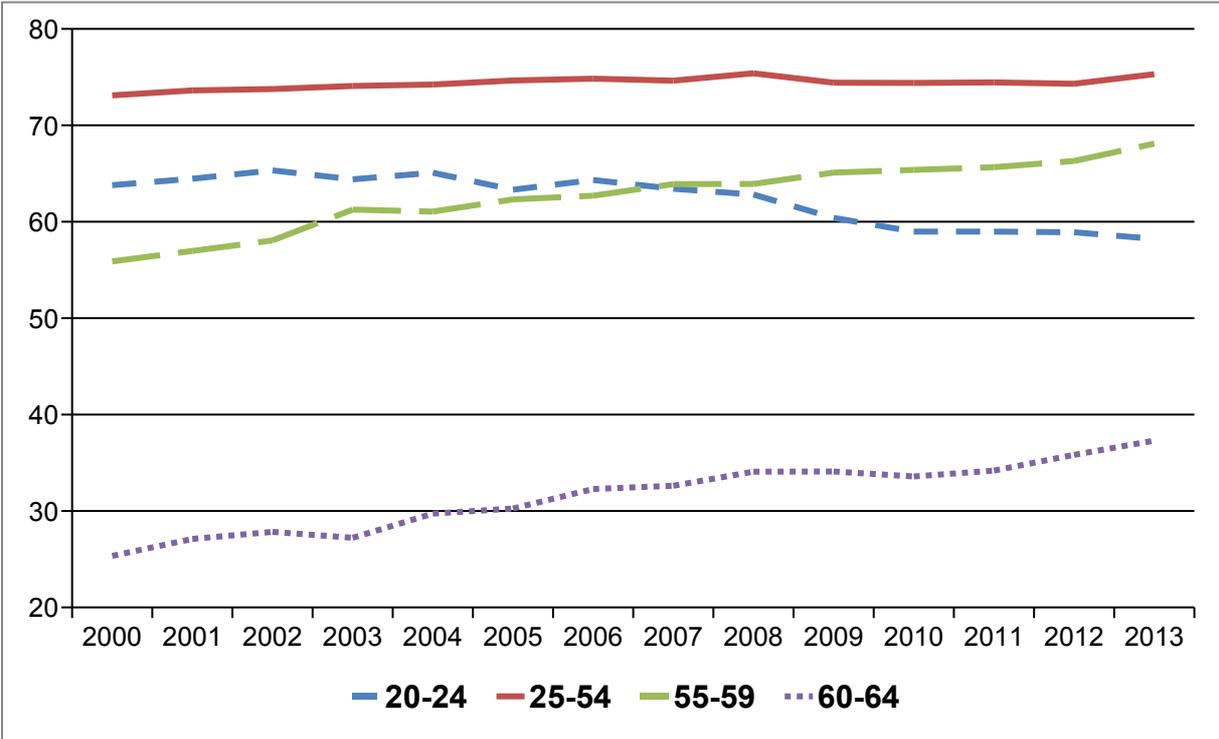


Source: OECD

A similar picture can be seen among women in Figure 5 with relative stability among prime age women aged 25-54, declining rates of employment among younger women aged 20-24 but notable increases among older women aged 55-59 and 60-64:

- Employment rates of 60-64 year old women increased from 25.3% to 37.3%
- Employment rates of 55-59 year old women increased from 55.9% to 68.1%
- Employment rates of 25-54 year old women increased from 73.1% to 75.3%
- Employment rates of 20-24 year old women fell from 63.7% to 58.2%

Figure 5: Female employment participation rates 2000-2013 UK



Source: OECD

Overall, the increase in older worker participation can be attributed to several factors, including shifts in the pensions and employment relations policy landscape discussed in further detail below. It is also likely that employers are becoming increasingly aware of demographic changes on the horizon which means they will increasingly need to rely on older workers. Early retirement routes by means of welfare benefits or private/occupational pensions are disappearing and where employers have previously used pension scheme surpluses to offer ‘early retirement’ as an alternative to mass redundancies this route is no longer financially viable.

Commenting on the recession in Europe, Bisom-Rapp et al. (2011) note that while the employment rates among older workers have been more resilient overall, non-standard forms of employment have been increasing (European Foundation for the Improvement of Living and Working Conditions, 2012: 1), with implications for the quality of work and insecurity during late stage careers. The extent of vulnerability later in life may be overstated in relation to the UK however. In the final chapter we present figures which show job tenure increasing among older workers and while part-time employment has increased among men over the past 10 years it has declined among women. The incidence of temporary contracts among those aged 65-69 has also remained fairly stable over the past decade rising from 1% to 2% between 2001 and 2013.

3. Policy Responses to Population Ageing

Strategic responsibility for stimulating employment lies with the Department for Work and Pensions (DWP) and in recognition that the determinants of labour market participation rates at older ages are multiple and interlinked, the policy response in recent years has been wide-ranging in focus. Measures can be characterised as either foreclosing early exit avenues or as facilitating employment by targeting barriers or working conditions. Policy areas summarised below include: pensions, health, lifelong learning, welfare and employment.

Policy analysts have suggested that retirement disincentive measures have so far predominated (European Foundation, 2013; European Employment Observatory, 2012) and governments have mainly targeted the supply side of the equation - focussing on the motivation and ability of individuals to work which, according to Clasen and Clegg (2006: 531), stands in contrast to earlier policy approaches:

“Where management of the economy once relied mainly on the use of macro-economic, demand side stimuli, leaving labour market policy to play an essentially supportive and stabilising role, today, with Keynesian regulation having fallen into discredit, it is contended that labour market policies must themselves become stimuli for economic adjustment and growth, notably by intervening more actively in the labour market reintegration and raising the ‘employability’ of those without work.”

There has been resistance to the EWL agenda, and further progress in terms of individual preferences requires a considerable shift in norms and cultural expectations. Moreover, manipulating the incentive and disincentive structure facing individuals will be limited insofar as opportunities to work later in life are circumscribed. As noted by MacDermott (2014), the policy initiatives and legislative reforms introduced in the UK, Australia and several EU member states have been overly focussed on removing ‘barriers to work,’ without sufficient attention paid to the opportunity structure. A European Commission White Paper on sustainable pensions (European Commission, 2012) similarly recognises the need to create better opportunities for older men and women to stay in the labour market.

Without adequate employment opportunities older workers face an increased risk of poverty, the indignity of prolonged unemployment prior to receiving retirement income, and dependence on social welfare. Of concern is that unemployment is conceived, at an institutional level, as a supply-side problem rather than a system-level failure to provide enough jobs for those who wish to work. In the sections to follow the extent to which policy in the UK is balanced between both the demand and supply sides is considered, a balance which is critically important - as noted by Ebbinghaus in a recent paper:

“Future policies to further reduce early exit from work would be well advised not to rely solely on singular strategies such as scaling back of pension incentives. As long as structural labour market rigidities do not allow older workers to remain in employment, welfare retrenchment measures may be largely ineffective and only shift income and labour market risks to older individuals” (Ebbinghaus, 2013: 835)

3.1 Pension Policy

There has been much talk in the UK of a "pensions time bomb", with the suggestion that insufficient numbers of people are saving for their retirement and among those who are saving, levels are insufficient to meet their likely needs. The number of employees contributing to a company pension scheme is now at its lowest level since the 1950s. Fewer than half of employees are paying into a workplace pension scheme, and in the private sector this figure is only about one-third (CIPD, 2012; CIPD 2011). Active membership trends are downwards. In 1967 there were 12.2m active members of an occupational pension scheme and in 2000 there were 10.1m. By 2010 8.3m employees were active members⁴ (5.3m of these were in public sector pensions and 3m in company pensions schemes).

To address concerns over the 'pensions crisis', a Pensions Commission was set up in December 2002 to review the pension system and recommend reforms.⁵ This led to the 2007 Pensions Act, which restored the earnings link for the basic state pension, reduced the number of qualifying years required for a full basic state pension and increased the state pension age (SPA) to render these changes affordable. Further measures are detailed below.

Private and occupational pensions are important in the UK given how low state pension benefits are - the maximum basic State Pension in 2015 is £115.95 per week for a single person. The state pension in the UK is worth just one third of the average salary of someone in work - a "replacement" figure far below the average found elsewhere in Europe, placing Britain 21st out of 27 countries (ILC, 2012).

Loss of and changes to defined benefit schemes

Pension provision is changing to accommodate the fact that retirement duration is now at least twice as long as previous generations. Defined benefit pension schemes, which have long been associated with early retirement, have all but disappeared. With less generous pensions, retiring becomes less affordable.

Many employers have closed their defined benefit occupational pensions, replacing them with notably less generous defined contribution schemes of uncertain final value as they reflect stock market performance. In 1994 all UK FTSE 100 companies ran a Defined Benefit scheme. Between 2002 and 2012, defined benefit pension scheme coverage in the private sector decreased from 28% to 11%⁶. By 2015, just 3 companies were left providing a DB pension for all employees.

The average contribution rate for private sector defined benefit schemes in 2010 was 5.1 per cent for members (employees) and 15.8 per cent for employers. The

⁴ www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcn%3A77-222461)

⁵ The Commission, chaired by Lord Turner, published two reports; *Pensions: Challenges and Choices* (2005) and *A New Pensions Settlement for the 21st Century* (2006). Building on these reviews and a nationwide consultation process, the government set out proposals for reform in two White Papers: *Security in Retirement: Towards a New Pensions System* (2006) and *Personal Accounts: A New Way to Save* (2006).

⁶ <http://www.pensionsworld.co.uk/pw/article/after-tesco-just-three-ftse-100-companies-remain-with-db-schemes-open-to-new-members-1233500>

equivalent defined contribution scheme figures were notably lower at 2.7 per cent for members and 6.2 per cent for employers⁷. The shift toward defined contribution schemes raises the prospect of savings inadequacy for retirement and removes opportunities for early labour market exit.

Public sector pensions have also undergone radical change⁸. The Public Service Pensions Act 2013 was designed to “distribute benefits across scheme memberships more fairly...create fairer career average public service pension schemes to replace the largest existing final salary schemes”⁹. Furthermore, public pensions will henceforth link normal pension ages to state pension age (except for firefighters, police and the armed forces, where normal pension age will be 60, subject to regular reviews). The new scheme came into effect in April 2015 (2014 for the Local Government Pension Scheme). The new scheme is a career average pension scheme, which calculates pension benefits on the basis of earnings throughout the member’s career rather than using final pensionable earnings although both are defined benefit pension schemes.

Declining annuities

Increased longevity has triggered a long-term decline in annuities. In 1995 a £100,000 pension pot would have bought an annuity of over £11,000; by 2008 that had fallen to £7,000 and in 2013 fallen further to just under £5,000 (<http://www.dailymail.co.uk/news/article-2259874/Pension-100-000-pot-halved-1995-Annuities-fall-5-000-year-rates-hit-record-low.html>)

Retirement flexibility

There are no public early retirement programmes in the UK which allow access to state pensions prior to state pension age. Individuals must therefore wait until they have sufficient personal savings to retire.

There is, however, greater flexibility in relation to private and occupational pensions. Historically, the earliest age that pension scheme members could take their retirement benefits was 50. From 6 April 2010, this changed to 55¹⁰ and is likely to be delayed further in line with increases to the state pension age.

Taxation

Employment and pension receipt rules – Individuals are able to receive employment income and state or personal pensions at the same time. There is no impact on the value of pension received, the only impact is on taxation. Individuals are taxed once

⁷ http://www.ons.gov.uk/ons/dcp171778_235435.pdf

⁸ These include the NHS; Local Government; Civil Service, Firefighters, Armed Forces and Police pension schemes.

⁹ <https://www.gov.uk/government/publications/public-service-pension-reforms/public-service-pension-reforms>

¹⁰ In the public sector, certain schemes listed in the Registered Pension Schemes (Prescribed Schemes and Occupations) Regulations 2005 give their members a right to take pension and lump sum benefits below the normal minimum pension age. These pension schemes relate to: the Armed Forces, British Transport Police; Firefighters; Firemen (Northern Ireland); Gurkhas; and Police Pension Schemes. Where a member of such a scheme takes a pension or lump sum benefits before the normal minimum pension age, there will be no reduction in the individual's lifetime allowance (www.pensionsadvisoryservice.org.uk/workplace-pension-schemes/final-salary-schemes/minimum-retirement-age).

their total income exceeds their personal allowance in 2015-2016 of £10,600 (up to age 75) or £10,660 (age 77+)¹¹. These personal allowances are reduced once income limits are reached. The State Pension, occupational pensions and personal pensions all count as taxable income. If state pension, paid income and any other sources of income add up to more than the tax-free allowance, tax on total income is payable¹².

Taxation regulations can also act as a deterrent to the early retirement schemes and early withdrawal of retirement payments, in particular the accessing of lump sums (European Foundation for the Improvement of Living and Working Conditions, 2013: 10).

Policy Initiatives

The following initiatives, presented chronologically, represent the key policy levers designed to extend working lives and improve opportunities in the labour market through state pension rules and regulations:

- The Finance Act (2004): regulations associated with pension drawdown and continued employment have been amended. Employees may now claim their pension in full or in part without first having to leave their employment.
- Other incentives to encourage longer working lives include state pension deferrals, introduced in April 2006, which increase the state pension by around 10.4 per cent for every year that retirement is delayed. Alternatively a one off tax free lump sum is available, equal in value to the unclaimed pension, plus 2 per cent above bank base rate.¹³ State pension receipt can be deferred indefinitely.
- National insurance contributions are not made by those who work after SPA.
- SPA equalisation (The Pensions Act 2007): the State Pension age has been increasing gradually for women since April 2010 at the rate of one month for every two months the woman was born after 5 April 1950. It was intended to reach 65 by 2020.
- The Pensions Act 2008 made provision to gradually increase the State Pension age, between 6 April 2024 and 5 April 2046 from age 65 to age 68 for both men and women to reflect increasing longevity and make the State Pension affordable in the long term. This timetable has since been brought forward: from December 2018 the State Pension age for both men and women will start to increase to reach 66 by 2020. However, the government is considering how the State Pension age should be changed in the future and this may mean that the timetable for increases to 67 and 68 will be revised. Moreover, SPA may be further increased to 70 reflecting increased life expectancy projections
- From 2010, the threshold at which a company or personal pension could be secured increased from age 50 to 55¹⁴ - this age will increase further with

¹¹ In the spring budget 2012 it was announced that tax breaks for the over-65s would be abolished and the standard personal allowance will apply to anyone born after April 1938.

¹² <http://www.hmrc.gov.uk/pensioners/paying-employed.htm>

¹³ See www.thepensionerservice.gov.uk. The full basic pension for 2011-2012 is £102.15 per week for a single person and £163.35 a week for a couple.

¹⁴ http://www.direct.gov.uk/en/Pensionsandretirementplanning/Companyandpersonalpensions/PersonalPensions/DG_10027141

suggestions that access should be delayed until 5 or 10 years before SPA which is also rising¹⁵.

- The Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011 started phasing out the default retirement age from the start of April 2011. This legislation stops employers from compulsorily retiring workers once they reach the age of 65 - employers can no longer enforce retirement on the basis of age unless it can be objectively justified under the particular circumstances of the case – which means the employer is acting to fulfil a legitimate business aim and that the action on the individual was necessary. The employer's decision is open to legal challenge at an employment tribunal (DWP, 2011).¹⁶
- In response to low savings rates in the UK a new pension scheme was introduced in 2012. The system - called automatic enrolment – was initiated for staff in large organisations with employees in SMEs to be signed up by 2018. Employers are obliged to pay in as well, with the government adding a little extra through tax relief. The scheme will automatically enrol all staff aged 22 plus who earn more than £10,000 pa unless they already save in a workplace pension scheme or are self-employed. Part-time workers who earn less than that can also volunteer to enrol.

3.2 Health

Health considerations are of paramount importance in the drive to extend working lives. Poor health is a key determinant of premature labour market exit and while the relationship is complex – many older workers remain employed despite mental and/or physical health problems while others leave the labour market prematurely while still in good health (Hasselhorn, 2014; Nunez, 2010) – employment sustainability over the longer term is supported by overarching health policies that enable individuals to prevent, delay or recover from illness, lifestyle diseases, and work-related health decline.

Among the population aged 50 to state pension age: nearly half have a long-term health condition; one quarter have more than one long-term condition (Munir et al, 2005); and over 1 million are not working due to sickness or disability (DWP, 2014). Long term sickness accounts for half of early retirement decisions (Hirsch, 2005). Among older workers in particular, work related musculoskeletal disorders (WRMSDs) are the most common cause of absence and long-term incapacity. Despite a wide range of EU directives and guidelines, it has been reported that WRMSDs are increasing (European Foundation, 2006). Mental health illnesses (such as stress, depression and anxiety) are also widespread. These figures highlight the centrality of health policy in relation to the EWL agenda.

By 2024 nearly half the adult population will be 50 and over (Taylor, 2007) but while life expectancy has risen by 4.6 per cent over the past 20 years, healthy life

¹⁵ <http://www.telegraph.co.uk/finance/personalfinance/special-reports/11537512/Cash-in-your-pension-at-55-You-may-have-to-wait-till-70.html>

¹⁶ New proposals were announced in October 2011 to award employers the right to have 'protected conversations' with older workers. This would allow employers to suggest that employees consider retirement without being accused of ageism and without the conversation being eligible for submission within the context of a tribunal.

expectancy has increased by only 3 per cent (PwC, 2013). As a consequence, the workforce is becoming not only older but also sicker with a rising incidence of both long-term physical health conditions and also mental health problems (Cimpean & Drake, 2011; Work Foundation 2014).

The UK Health Challenge

In relation to lifestyle diseases, a Department of Health paper (DH, 2013: 8) sets out the range and scale of behavioural risk factors in England including poor diet, excessive drinking, physical inactivity and smoking, which are variously linked to type 2 diabetes, certain cancers, high blood pressure, liver disease, stroke and osteoarthritis:

- Diet - Most people in England today are overweight or obese. 25% of adults are obese (with a body mass index – BMI – of over 30); 62% are either overweight or obese (with a BMI of over 25). Less than a third of adults currently meet the five a day target
- Alcohol - 21% of adults (9 million) in England drink above lower-risk guidelines; 4% of the population (1.6 million) were estimated to be moderately or severely dependent on alcohol in 2007.
- Physical Activity - 34% of adults in England meet guidelines for a healthy amount of activity while 34% are inactive. Around 27 million adults are not getting the recommended amount of physical activity with 14 million of these failing to achieve even one 30-minute session of moderate intensity physical activity per week.
- Smoking – accounted for nearly 80,000 deaths in England in 2011. Around 20% of adults in England smoke with considerable geographical variation.

Statutory overview

Responsibility for health and adult social care resides, in England, with the Department of Health (DH). The National Health Service (NHS) provides free at the point of use primary care, in-patient care, long-term healthcare, ophthalmology, and dentistry to all citizens. It is funded through the general taxation system and partially from National Insurance contributions. Some NHS services such as dental care, eye tests, prescriptions and long-term care do incur charges although these are free to those on low incomes or are charged at levels lower than private health equivalents. A parallel private healthcare service also exists, with around 11 per cent of the population having private healthcare insurance (<http://bma.org.uk/practical-support-at-work/immigration/doctors-new-to-the-uk/how-things-work-in-the-uk>).

The NHS faces two key challenges as it enters the 21st century – an ageing population with complex care needs and a range of public health problems arising from unhealthy lifestyles. In response to these challenges the Health and Social Care Act 2012 introduced measures to restructure the health service with the aim of better integrating commissioning across public health, health care and social care. To this end, responsibility for public health was transferred to local authorities from April 2013. The Act also established Health and Wellbeing Boards as a forum where key leaders from the health and care system work together to improve the health and wellbeing of their local population and reduce health inequalities (www.local.gov.uk)

/health-and-wellbeing-boards). National public health functions have been delegated to Public Health England while primary health needs continue to be met by the NHS (Heath, 2014).

Local authorities are now responsible for the provision of:

- sexual health services;
- services to address drug or alcohol misuse;
- information and advice (eg. on healthy eating and exercise)
- facilities for the prevention or treatment of illness (eg. smoking clinics);
- financial incentives to encourage individuals to adopt healthier lifestyles (eg. giving rewards to people who stop smoking during pregnancy).

Inequality of provision (known as postcode lotteries) are likely to arise insofar as spending decisions have been delegated to the LA level and renewed austerity measures will also put pressure on delivery in practice with tensions between different priorities likely to emerge. As noted by Heath (2014), “the relentless round of cuts to leisure services undermines work to tackle obesity.”

With the growth in incidence of lifestyle diseases, health policy in England has become increasingly oriented toward preventative approaches, including health screening, health checks among the 40+, health campaigning, and steps to engage local businesses in proactive measures targeting health behaviours. These are briefly summarised below. While extended working lives is not an explicit target, the promotion of health and wellbeing and prevention of disease is a pre-condition of sustainable employment.

Health Campaigns

Targeting a range of health behaviours, several key initiatives and policy papers have been introduced over the past few years. These include the following (for further details see HSCI, 2015):

- Everybody Active, Every Day
- Moving More, Living More
- Walking cities
- National Ambition for Physical Activity
- Change 4 Life campaign

Health Screening

Adult screening programmes currently on offer include :

- Diabetic eye screening from age 12
- Cervical screening every 5 years for women aged 25 to 64
- Breast screening offered to women aged 50 to 70. Women aged 70 and over can self-refer.
- Bowel cancer screening – for men and women aged 60 to 74.
- Abdominal aortic aneurysm (AAA) screening is offered to men in their 65th year to detect abdominal aortic aneurysms (a dangerous swelling in the aorta). Men over 65 can self-refer.

Since 2008 everyone aged 40 and over without a pre-existing condition is entitled to a free midlife MOT every 5 years which checks heart disease, stroke, diabetes and kidney disease risk. The NHS Health Check may be prompted by an invitation letter from a local GP. Some pharmacies and gyms also have "wellness kiosks" (machines which check weight and blood pressure, and ask questions about family history and lifestyle to provide an indication of health). Online tests and tools are also available to determine health risks for heart disease or stroke, kidney disease, and diabetes, including self-assessments in relation to healthy eating and alcohol intake.

Public Health Responsibility Deal

In recognition of the potential impact of the environment on individual health related practices, a Public Health Responsibility Deal was set up in 2010 with five networks focussing on:

- Physical Activity
- Alcohol
- Food
- Health at Work
- Behaviour Change

The government wants to improve public health without new laws, through voluntary agreements with business and other partners, rather than through regulation. The networks include health experts, public interest groups, businesses and ministers, tasked to come up with policies to improve the health of the nation. Businesses are being targeted to collaborate in improving the nation's health. A Public Health Toolkit for local authorities in England has been produced to encourage local authorities to work with local businesses in the implementation of the Public Health Responsibility Deal designed to promote healthy eating, sensible drinking, physical activity and the cessation of smoking. The aim is to activate the SME sector to voluntarily introduce changes which help staff and customers to make healthy choices and reduce "behaviour-driven health problems" (DH, 2013). While the NHS and benefits system bear the costs of ill health, so too do employers in the form of reduced productivity, sickness absence and premature labour market exit. It is therefore in the interest of employers to play a role in the promotion of public health, particularly given estimates that working age ill-health cost the UK economy over £100 billion a year, with 23.4 million working days lost in 2009/10 (DH, 2013: 9).

By 2013 500 organisations had signed up to the Responsibility Deal, the range of actions businesses can undertake include: "encouraging active travel to and from work, healthier canteen food, making occupational health more about prevention, and improving the management of people with chronic health conditions" (DH, 2013). Further initiatives which employers use include: the Cycle to Work scheme (which enables employees to purchase a bike and accessories tax free, reducing the costs significantly) a Health for Work advice line; appointing workplace 'wellbeing champions'; signposting employees to local health and fitness clubs, sport clubs, walking or cycling groups etc.

Food manufacturers are also being encouraged to provide more information and better labelling for consumers and reduce the salt and fat content of their products .

Obesogenic environment

Across the UK, cheap, 'highly palatable' and energy-dense 'fast food' which is often devoid of nutritional value is widely available and easily accessed. The concentration of fast food outlets and takeaways varies by local authority in England with a strong association between deprivation and the density of fast food outlets, more deprived areas typically have more fast food outlets .

Public Health England (2013) have set out a range of actions which Local authorities are advised to take, using the range of legislative and policy levers at their disposal in order help to create places where people are supported to maintain a healthy weight. The current priority is to alter the food environment around schools to target childhood obesity but regulatory and planning measures to address the proliferation of hot food takeaways will have wider effects. Public initiatives to alter the obesogenic environment are very recent in the UK and evidence on their impact therefore remains scant.

In addition to refusing planning permission, alternative approaches also include local authorities working with businesses to change the nature of their food provision.

Age Management, Health and Safety in the workplace

There is no shortage of guidance in relation to: employee wellbeing; occupational health rehabilitation services; stress management standards and age appropriate workplace adaptations from various Government departments, trade unions, and other bodies/agencies such as the Chartered Institute of Personnel and Development (CIPD); the National Institute for Health and Care Excellence (NICE) ; the Advisory, Health and Safety Executive (HSE) ; Conciliation and Arbitration Service (ACAS); The Age and Employment Network (TAEN); and the Age Action Alliance's Healthy Workplaces group which has developed practical resources to help employers effectively manage the health and productivity of an ageing workforce.

However, while a growing number of 'best practice' employers can be identified from both the public and private sectors , recognition of the need for and provision of comprehensive age management strategies including effective health, safety and wellbeing initiatives are still not widespread (Wilkinson and Cebula, 2014; Lain and Vickerstaff, 2014; Barnes et al 2009; Metcalf & Meadows 2006; McNair & Flynn 2005). Health is still largely regarded as a private, individual matter and not a concern for employers, beyond specific work environment factors. Any take up of employer led initiatives will be starting from a very low base and will depend upon a widespread change of attitudes (Barnes et al, 2009).

The health, work and wellbeing strategy (HWWB) – launched in 2005 and followed by the Black Review (Black, 2008) - aimed to improve the general health and well-being of the working-age population but had an explicit focus on enabling those with health conditions or impairments to continue working and on the rehabilitation of those out

of work. As noted by Maltby (2012), despite the broad label, the HWWB agenda was therefore quite narrowly targeted on the management of illness rather than taking a preventative and holistic approach to employment sustainability and the maintenance of good health and wellbeing consistent with extended working life goals. Maltby argues that broader approaches along the lines of the Work Ability model (Ilmarinen, 2005) are needed to promote quality of work, health and wellbeing. While there are many good practice employers throughout the UK, there is also a general reluctance to fully engage with health related issues. While employers are generally compliant with health and safety regulations and often go further by arranging medical examinations, stress or job design auditing and more general health education or interventions are not common (Barnes, 2009). According to Lain and Vickerstaff (2014) the low profile and influence of 'work ability' reflects an individualistic and biomedical conceptualisation of health prominent in the provision of occupational health services which downplay the role of social and environmental factors and individual subjectivity.

The Black review emphasised the need for occupational health services to prevent job loss and facilitate the re-engagement of the workless in poor health and highlighted the importance of healthy workplaces in promoting good health and preventing illness arising in the first place. Specific initiatives designed to help employers improve the health and well-being of their employees which were subsequently introduced included the Fit for Work service (<http://fitforwork.org/>) Attitudes of employers towards the health and wellbeing of their employees have been investigated to determine whether they feel it is part of their role to promote health and well-being (Young and Bhaumik, 2011). The majority of employers (88%) agreed that there is a link between work and the health and well-being of their employees and (88%) felt they have a responsibility to encourage employees to be physically and mentally healthy. Nevertheless there was also evidence of an unwillingness to intervene: 51% of employers agreed that in general, their employees did not want them to intervene in terms of their physical and mental health. Just 13% of employers reported providing access to occupational health services (these were primarily large organisations and therefore 38% of employees reported that their employer provided access to occupational health services).

In a review of the extent to which policy changes are influencing the health of the working age population, Shreeve et al (2015) encountered some examples of local good practice where public health teams were supporting local workplace health programmes. On the whole, however, they noted that encouraging good quality work and healthy jobs were not a strategic priority for local authorities or local enterprise partnerships, partly due to a lack of funding from central government and partly because job quality is not part of their core remit. Health in the workplace therefore remains largely in the hands of employers with government policy favouring a voluntarist approach.

3.3 Welfare Programmes

A key route to early retirement in the UK since the early 1990s has been through Incapacity Benefits (IB) among the older unemployed. Of the 8.8 million people aged between 50 and SPA, 1.3 million were claiming IB by the turn of the century (Beatty and Fothergill, 2007). IB was more generous than unemployment benefits and there was no requirement to seek work. A key policy objective was to get one million of

these older men and women back into work (DWP, 2006). To this end, the Welfare Reform Act (2007) introduced a number of measures including a new Employment and Support Allowance (ESA) to replace IB. In addition, a new Work Capability Assessment was introduced to assess an individual's entitlement to ESA and the possible support needed to get back into the workplace. There is also a new expectation for medical certificates to emphasise 'capacity' rather than health limitations. For the first time, new ESA claimants were required to have work-focussed interviews. By 2010, following initial assessments (DWP, 2010):

- 66% were found to be Fit for Work and not eligible for ESA;
- 24% per cent were allocated to a Work-Related Activity Group (WRAG) and expected to prepare for work and attend work focussed interviews under threat of sanctions for non-compliance;
- 10% with the most severe illness and disability were allocated to a Support Group who were not expected to engage with work related activities in order to receive their full benefit entitlement

These initiatives effectively removed Incapacity Benefits as an early retirement route and were part of a broader set of reforms introduced to move from a passive to an active welfare system.

It is important to note that ESA effectively combines a contributory element and a means-tested element. Apart from the minority of claimants who meet the threshold for the Support Group, contributory ESA now ends after 12 months. Means-tested benefit rates exclude those with more than a minimal level of other income, including a working partner.

There has been much discussion of the failings of ESA and return to work rates are low; around 1 in 4 of those who were in work before claiming (and only 1 in 10 of those who were not in work) had returned to work 18 months after their initial claim, and being over 55 and having a continuing health problem both reduce the odds of returning to work (Sissons and Barnes, 2013). Of particular concern are the work capability assessments (WCA) which have been described as 'deeply flawed' (BPS, 2015), with a failure to recognise the impact of both physical and mental health problems on work capacity: around 40% of appeals against Fit for Work decisions are successful overall, rising to 70% where legal representation is used (DWP, 2010)

The combination of means-testing and the time-limiting of contributory benefits, together with higher eligibility thresholds for sickness benefits and more demanding activation requirements for unemployment benefits (see below) means that there is potentially a considerable degree of 'hidden' unemployment and sickness among the over-50s which is uncompensated by any form of state welfare provision (Barnes et al, 2011; Beatty and Fothergill, 2015).

3.4 Labour Market Policy

Activating the unemployed

Activation has been a major feature of recent British labour market policy. Successive reforms under the Conservatives in the 1980s and 1990s moved towards a 'stricter

benefit regime', by tightening the conditions of active job-search for the receipt of unemployment benefits, relaxing the definition of appropriate employment, and toughening sanctions for noncompliance (Finn 1997). The current sanctions regime for Jobseekers Allowance (JSA) is widely recognised as arbitrary and punitive, and has been the subject of much controversy.¹⁷

Activation is about increasing labour market entry and participation, and phasing out labour market exit options for working age claimants (such as early retirement, disability and long-term sickness benefits). Activation broadly involves making welfare rights more conditional on job seeking efforts, so claimants must demonstrate that they are actively looking for work. Activation is defined as a strategy to:

“bring more people into the effective labour force, to counteract the potentially negative effects of unemployment and related benefits on work incentives by enforcing their conditionality on active job search and participation in measures to improve employability, and to manage employment services and other labour market measures so that they effectively promote and assist the return to work”. (OECD, 2013: 132).

From 1997-2009 the 'activation' approach continued under the New Deal initiatives, which included a New Deal for the 50+. But while the New Deal 25 plus (ND25+) was mandatory for those aged up to 49 New Deal 50+ was voluntary. Participation rates were therefore low, reflecting demoralisation about the chances of returning to work among the 50 plus.

Since New Deal 50+ came to an end in 2009, there have been few employment support measures specifically for people aged 50+. The Government has now replaced nearly all the previous employment support schemes for those out of work and on welfare benefits, with its new Work Programme. The Work Programme does not contain 50+ specific measures and people aged 50+ are not designated a 'disadvantaged' group.

The main initiative targeted at the 50+ is The Prince's Initiative for Mature Enterprise (PRIME), which aims to support self-employment and business creation by the over 50s. Support is provided in the form of training, mentoring and network events.

There have been some recent developments, however, published in the governments Framework for Action “Fuller Working Lives” in 2014. An ‘Older Workers Champion’ scheme was launched in April 2015 and is designed:

- to give 'intensive' work support to over-50s jobseekers
- to provide help to get online and links with smaller firms with vacancies.
- to conduct a 'career review' with a dedicated expert to recognise and champion transferable skills from previous careers, and to ensure jobseekers get the training needed to fill any skills gaps for a move to a new career.

¹⁷ see evidence presented to a recent Parliamentary Select Committee - <http://www.publications.parliament.uk/pa/cm201314/cmselect/cmworpen/479/479vw.pdf>

Despite a significant and growing emphasis on activation for the unemployed and other working age beneficiaries of social support (the disabled, lone parents), actual expenditure on active labour market policies in the UK nonetheless remains one of the lowest in Europe (Martin, 2014). Employer incentives, such as social security payment and tax reduction schemes or wage subsidies to recruit older workers, found elsewhere in Europe (eg. Italy, France and Austria)¹⁸ - especially where seniority-based wage systems act as an obstacle to finding re-employment (European Foundation, 2013) – are not provided in the UK.

As with ESA, JSA combines contributory and means-tested elements. Unemployed people who are unable to meet the requirements of the means-test, including those with a working partner, or savings above a certain level, are entitled to a maximum of 26 weeks' benefit.

Geography of unemployment

Beatty and Fothergill (2007) have assessed the extent to which welfare reform measures are likely to be effective in getting the 50+ inactive and unemployed back into work. Despite identifying a large reserve of older men and women able and willing to re-engage with the world of work, they suggest that the geography of unemployment is likely to undermine efforts to improve employment rates among the over 50s. Analyses show that the economically marginalised over 50s are concentrated in Northern England, Wales and Scotland – the areas which were hit hardest by industrial restructuring in the 1980s and 1990s and in which employment opportunities are at their lowest. In these old industrial heartlands, there is a dearth of jobs for older people to enter and competition for the jobs that arise is strong. Under these circumstances, where older people do secure work, this may have a displacement effect on younger workers. Targeted regional economic policy is therefore more likely to improve the prospects of older workers throughout the UK than the more general welfare reforms currently on offer. The geographical dispersion of unemployment and inactivity among all workers is also presented in a DWP report (DWP, 2006) which indicates ill health inactivity rates in 2006 of 60 per cent in the Wales and the North East compared with 33 per cent in the East and South East.

Promoting Flexibility

Lifting constraints has also been a key goal for government policy. Barriers to employment which have been associated with premature labour market exit include caring responsibilities and health problems. In each of these instances, recognition that more flexible working arrangements such as part-time hours, flexi-time, working

¹⁸ Examples of financial incentives to recruit older workers set out in a European Foundation report (European Foundation, 2013) include: Belgian legislation which allows a reduction of social contributions by €1,600 per year for companies hiring workers aged 57+. Italian legislation which offers companies employing long-term unemployed people age 50+ a 50% tax reduction for 12 months (fixed-term contracts) or 18 months (open-ended contracts).

from home, or job-sharing can be helpful. Consistent with previous studies which have suggested that older workers prefer shorter hours, and in their absence may retire earlier, Bell and Rutherford (2013) find that overemployment is a significant predictor of retirement among employees while the underemployed are less likely to retire

The need to care for older adults becomes more prevalent from the age of 50 (Carers UK, 2005). Employment participation decisions are influenced by caring responsibilities. Workers in their fifties or sixties may still have elderly parents or a partner with health problems, and they may also have grandchildren to care for, hence their identification as the 'pivot generation' (Mooney et al, 2002). Around six million people in the UK provided unpaid care in 2001; 45 per cent of these were aged between 45 and 64 (Office for National Statistics, 2006). By 2037, it is estimated by Carers UK that the number of carers could have increased to nine million¹⁹ with implications for their availability to work. Indeed, it is suggested that eldercare may become *the* work and family issue of the 21st century (Smith, 2004; Ghosheh et al, 2006). As women now typically delay childbirth, parents often also have responsibilities for older dependent children while in their fifties and sixties (Smeaton et al, 2009). The availability and desire to work among carers is determined by a range of factors including; financial need, availability of jobs, access to flexible working arrangements, carers' and other means tested income maintenance benefits, social services provision, personal identity, distance to work and travel times (Arksey and Glendinning, 2008).

The Acts and regulations listed here are designed to support more flexible working:

- Finance Act (2004): regulations associated with pension drawdown and continued employment were amended. Employees may now claim their pension in full or in part without first having to leave their employer. The main deterrent to working part-time is the associated reductions in pay – partial pension drawdown, combined with reduced hours can help make PT hours more affordable
- 2007 Flexible Working Regulations extended the right to request flexible or reduced hours to some individuals with eldercare responsibilities
- 2014 this right was extended further so now every employee has the statutory right to request flexible working

Focussing on the demand side

As discussed in the introduction, policy approaches designed to increase labour market participation among older people have been criticised for being overly focussed on the supply side by: removing perceived individual level barriers to work (in relation to health, caring responsibilities, training/education deficits); altering

¹⁹ See <http://www.carersuk.org/Aboutus/Whoarecarers/Tenfactsaboutcaring>

financial/pension incentives and disincentives; and by reforming the benefits and expectations of the older unemployed. In this section, some of the measures introduced with a focus on the demand side are set out.

Age discrimination legislation.

The Employment Equality (Age) Regulations (October 2006): this enshrined the right to equal treatment regardless of age in relation to recruitment, promotion, retention and training. Employees were also given the right to request to work beyond the default retirement age. These regulations have recently been superseded by the abolition of the default retirement age.

The power of legislation to prevent age discrimination has, however, been questioned: “*Despite this framework, non-discrimination principles are not often perceived as an adequate motivational factor for employers to deal systemically with age discrimination or to implement pro-active measures*”. (MacDermott, 2014: 85). More robust programmes proposed, which might be more effective in achieving EWL objectives, include:

- Government funding or subsidising the employment of unemployed older workers, or providing tax credits or offsets.
- Promotion of collective bargaining arrangements in order to reach and monitor recruitment and retention objectives and agree on strategies to achieve specific outcomes (see Gineste, 2012; Marin and Zaidi, 2007; European Foundation, 2013).

Age positive campaign – changing attitudes and awareness and promoting good practice

Initiated in 2001, the campaign promotes good practice to include provision of flexible working arrangements as people age. The DWP has been working with stakeholders (including Unions and Employers) since the late 1990s to promote awareness of the challenges presented by an ageing workforce. Guidance is provided for employers which covers workforce management, good practice case studies, questions and answer forums and promotion of the business case for recruiting, retaining and training older workers.

This voluntary approach to active age management falls short of binding requirements on companies This contrasts with the more robust approach found, for example, in France, which legislated the introduction of a new ‘generation’ contract in 2013 (contrat de génération). This was created to help each end of the age spectrum through the recruitment of the young employees, aged between 16 and 25, and retention of older workers, aged 57+. One component of the initiative is a mentoring scheme to encourage older workers to help, train and advise young workers (European Foundation, 2013: 17)

Older workers champion scheme

The scheme, trialled from April 2015 is designed to target and provide intensive support for older jobseekers, to include a 'career review' with a dedicated expert to recognise and champion their transferable skills from previous careers, and to ensure jobseekers get the training needed to fill any skills gaps for a move to a new career. In addition, business-facing regional, Welsh and Scottish 'older worker' champions in 7 areas of Great Britain will focus on going out to smaller and medium-sized businesses to ensure they recognise the benefits of hiring older workers and to tackle outdated stereotypes that older workers are less productive or of less value.

3.6 Life-long learning

Typical of market economies, the UK operates a 'generalist' system of education, characterised by considerable overlap of, and opportunities to transfer between, vocational and academic streams and institutions¹. This stands in contrast to the more rigid boundaries between, and earlier selection into, academic or occupation specific vocational paths as found in the 'tracked' tertiary system of Germany (Moodie, 2008)². These contrasting systems have long term implications in terms of opportunities to change jobs later in life. In Germany, for example, there are rigid boundaries between occupations with many jobs requiring nationally recognized training certificates. In the UK there is a greater reliance on on-the-job training which, in principle, supports greater occupational mobility (Hofacker, 2010).

As noted by McNair (2012) investment decisions in lifelong learning are complex as they reflect a range of interests, involve risk and future uncertainty, and as outcomes cannot be predicted with precision, all parties - individuals, employers and the state – can be reluctant to invest in optimum levels of learning. Large employers typically have in-house training programmes providing on-the job training opportunities for their workforces. The SME sector, by contrast, is less likely to participate in workforce development.

The Government remains committed to more training and skills development in the workforce through the UK Commission for Employment and Skills (sponsored by the Department for Business, Innovation & Skills) which is an industry-led organisation that offers guidance on skills and employment issues in the UK but its focus is on improving information; making the business case for skills; and driving greater employer investment, including through a Growth and Innovation Fund established in 2011²⁰ and Investors in People accreditation²¹ (Green and Martinez-Solano, 2011). Given austerity drives and planned budget cuts training is increasingly expected to be the responsibility of employers.

In the UK, employees have the statutory right to ask for time off work for training or study under Section 63D of the Employment Rights Act 1996 provided: they have

²⁰ With public investment in this portfolio of projects totalling £37.2 million by 2014, matched with £47.3 million of investment by employer representative organisations.

<https://www.gov.uk/government/publications/growth-and-innovation-fund>

²¹ <http://www.investorsinpeople.co.uk/about>

been employed for at least 26 weeks; the training will help staff do their job better; and at least 250 people must work in the organisation. Time off is usually unpaid unless the employer agrees otherwise.

As part of a larger inquiry into the future of lifelong learning Williams et al (2010) provided a review of spending on different forms of post-compulsory education and training, differentiating expenditure by: public authorities; private employers; third sector organisations; and private individuals and households. The following estimates were calculated:

- Total expenditure on adult learning provision is approximately £55 billion (3.9 per cent of Gross Domestic Product).
- Roughly £26 billion comes from the public purse;
- £20 billion is spent by private and non-profit organisations;
- £9 billion by individuals, including the self-employed
- Public employers spend £7.7 billion on training.
- Public subsidy on vocational training in the form of tax relief is at around £3.7 billion.
- Across the 4 life stages lifelong learning participation declines:
 - 65% of 18-24 year olds
 - 45% of 25-49 year olds
 - 27% of 50-74 year olds
 - 11% of 75+ year olds

The case for lifelong learning: promoting flexibility and resilience

Lifecourse perspectives recognise the need to enable people to adapt over their career. People need to be able to change their jobs for a wide variety of reasons:

- for promotion or downshifting;
- to accommodate caring or health needs;
- to move out of physically demanding work;
- due to changing demand associated with technological change or shifts in industrial/occupational structure (skills obsolescence)
- or simply because they want a change.

A study conducted by NIACE - the “Learning and Work in Later Life” project (LWLL) identified several key features of the older worker labour market, in particular shifting psychological dispositions. After the age of 50 most people become increasingly aware of the option of ‘retirement’, and that an ending is in sight. This sense of choice and alternatives *“begins to affect the way they think about work, life and training. Some become more motivated to work, while others see themselves as beginning to slow down as they approach the end, and some start developing new interests to pursue in retirement”* (McNair, 2010). Faced with a stronger sense of ‘choice’, occupational stress, boring work, a lack of autonomy or inflexibility in terms and conditions can all increasingly come to influence individuals’ decisions in relation to

staying in or exiting the labour market. Training for and opportunities to change jobs can make a difference to the choices made.

In order to avoid skills obsolescence and to facilitate job change, there need to be opportunities for people to continue learning and developing throughout their lives. There is also a need for work-focused education and training – ‘reskilling’ - for those in declining industries; those who lose jobs in their fifties as well as for retirees who subsequently decide that they want to re-enter the labour market.

An adequate skills and qualifications base can protect workers as they age. Those most at risk of involuntary, premature labour market exit have low skills and few qualifications (Lissenburgh and Smeaton, 2003) whereas take-up of training improves promotion opportunities, continued employment and movement toward flexible work arrangements or ‘bridge jobs’ as an alternative to early retirement (Lissenburgh and Smeaton, 2003). Evidence has shown that training (Schils, 2005) or career growth opportunities (Saba and Guerin, 2005; van Dalen and Henkens, 2002) postpone the retirement decision (Hennekam and Herrbach, 2013).

Leitch (2006) observed that not only will older people comprise an increasing proportion of the total workforce, but changes in the job structure, with less demand for unskilled work, entail a significant increase in demand for higher level skills. There has been, and will continue to be, a decreasing need for unskilled labour. As a consequence, it is necessary to improve the skills of older age groups to meet the needs of the economy.

The need for lifelong learning and retraining is also a central recommendation from a recent report for the DWP (Altman, 2015) to ensure skills are kept up to date in response to constant change in the workplace. Most people in work after 50 wish to work longer, albeit in less stressful and more time-flexible roles. The learning, training and reskilling needs of this age group should therefore be recognised.

While the importance of lifelong learning is not disputed, a recent ILC report (ILC, 2015) points to evidence which calls into question the assumption that later life education and training will translate into improved retention or recruitment of older workers. The following reservations were raised:

- The vast majority of older employees suggest they have adequate skills, training and experience (McNair, 2011)
- Formal education at older ages is less likely to improve occupational status compared with at younger ages (Casebourne et al, 2008)
- Further training and qualifications do not necessarily improve prospects among unemployed older people seeking to returning to work (McNair, 2010)
- Some people express the view that being overqualified can prevent successful job search and that age discrimination after the age of 50 can make retraining a futile endeavour (ILC, 2015)

Age and learning – incidence and recent trends

The incidence of formal and work based learning declines with age. Despite policy commitments to improve access to training throughout the life course, Canduela et al

(2010) note that men (but not women) over 50 remain among those least likely to have been offered training by employers. Not only is the incidence of training reduced but training among the 50+ is typically of short duration and narrowly oriented toward current jobs rather than of broader value and wider career development (DWP, 2014: 39; McNair 2011).

According to Felstead (2010), much of this decline is attributable to a reduction in interest in further learning at older ages. Self-perceptions can act as an obstacle. Older workers often express discriminatory views about their own age group, suggesting they personally are 'too old' to work. As a consequence, the older unemployed can quickly become demoralised when job applications are rejected (Atkinson, 2001 ND50+ evaluation). Other studies have also highlighted that older workers in particular can lose morale, motivation and self-confidence with a risk that they will give up and join the 'hidden unemployed' (i.e., those neither working nor claiming benefits). Frontline JCP workers emphasise the numbers of older people who write themselves off and regard themselves as 'too old' to work and learn (DFES, 2003: 8). These self-perceptions are also an important obstacle to the pursuit of training. If older workers believe that employers are unlikely to recruit them then any investment of time and money in training will be perceived as a risk (Phillipson and Smith, 2005: 59; Mitton and Hull, 2006). In order to be effective for older workers, training opportunities may need to be combined with advice, encouragement and clarification of the opportunities that may ensue regardless of age.

The National Adult Learner Survey (2010) indicates that participation in all categories of learning in the three years preceding the survey was 69% (BIS, 2012) – this is an 11 percentage point decline from the 80% recorded in NALS 2005. Participation in learning has declined across almost all age groups but has been most noticeable among those aged 60+, reversing the increase among this group between 2002 and 2005.

While data indicating the incidence of training is useful, it should be noted that this does not provide any indication of the quality or intensity of training provided. Felstead et al (2010), drawing international comparisons, observe that while training participation in the UK is high, (with the UK sixth out of 21 OECD countries), it drops to the bottom half of the league when the hours spent training are measured (HM Treasury 2005, p. 105) and more data is needed in relation to the quality of and returns to the training provided (as measured by wages and occupational position) (Dieckhoff 2008).

A key gap in provision has been the quality of training on offer for those currently unemployed. In evaluations of unemployment programmes tailored for the 50+ it has been found that the types of low cost training available are largely unsuitable for the more specialist needs of managers, professionals and other more skilled customers (Dorsett and Smeaton, 2008; Atkinson et al, 2006). Maltby (2007) similarly reported that focus group participants in a study of older unemployed inhabitants of Birmingham and Solihull objected that their skills gaps were not being met. Training offered to them by Jobcentre Plus was too generic, low level and took no account of their educational and employment history.

Investment in adult learning

Government investment in adult learning fell in 2014 and the skills budget was trimmed by 5% although spending on apprenticeships was largely exempt from cuts. Adult education will be further slashed by 24% in 2015:

“Adult education has been cut to the bone. Local authorities have no money to spend on discretionary services. Most colleges that took over adult education institutes struggle to fit them into their corporate strategies, except perhaps as short course units. Universities with once famous extramural departments take the same line. Commercialisation has been the enemy of lifelong learning... since annual fees were hiked to up to £9,000 last year, large swaths of older learners are no longer making it through the university door.. it is too much of a financial risk. There is no guarantee of a higher income after retraining,”
<http://www.theguardian.com/education/2015/mar/03/adult-education-young-students-part-time-university>

Higher Education study by older people in the UK is typically part-time and undertaken in a small number of higher education institutions that specialise in part-time study provision (Wilkinson and Cebulla, 2014), yet part-time students have seen the biggest fall in numbers in British universities following tuition fee increases. The number of UK students studying part-time for undergraduate degrees fell by 7% in 2013-14 compared with the previous year as fees were increased to a maximum of £9,000 a year for full-time study in 2012. There has been an even steeper fall of 18% in the numbers studying for foundation degrees on a part time basis – these combine academic study with workplace learning in partnership with employers²².

At the other end of the educational spectrum there is also a problem with older workers seeking lower level qualifications. Cuts have also been implemented in the Train 2 Gain programme, a UK government funded initiative to deliver vocational training to employed individuals aged 25+ who do not have a level 2 qualification.

The Association of Colleges has expressed fear that adult education and training provision could disappear completely by 2020 if cuts continue²³, threatening the future prospects of millions who may need to retrain either due to unemployment or with the intention of working up to and beyond retirement age.

Cumulative advantage/disadvantage

One of the factors associated with reduced employment and recruitment prospects among older people is their lower qualification levels, reflecting the poorer educational opportunities of older cohorts. Older women are particularly disadvantaged in terms of educational attainment; they are more likely to have left school at 15 or earlier and are less likely to hold educational qualifications. Among the 50 plus, 21 per cent have no formal qualifications compared with 13 per cent of

²² <http://www.theguardian.com/education/2015/jan/15/part-time-university-students-numbers-fall>.

²³ <https://www.aoc.co.uk/news/new-wolf-report-calls-sustained-funding-post-19-education>

those aged 16-SPA (Taylor, 2008). Lifelong learning could particularly benefit these groups. Yet it is people with better formal education that generally exhibit a greater propensity for further education and learning (BIS, 2013; Mitchell, 2007; Tuckett and Surgant, 1999; Tuckett and Aldridge, 2009) and during professional careers employers are more likely to invest in learning of individuals with higher education.

The 63 percentage point gap in learning participation rates between those with a Level 5 qualification (90%) and those with none (27%) widened further between 2005 and 2010 (OECD, 2013). By 2010 participation among those with Level 1 or no qualification stood at 55%, notably lower than those with Level 2 attainment (73%) (BIS 2010).

As noted by Canduela et al (2010), opportunities for work related training are particularly important for low skilled workers in what is described as “*an increasingly polarized British labour market – an ‘hourglass economy’ characterized by improved opportunities for those with the right skills but low quality, deskilled jobs with little hope of progression for those who lack formal training at the bottom (Goos and Manning, 2007). The hollowing out of established progression routes means that low skilled workers increasingly face the risk of becoming trapped in a succession of insecure, low quality jobs (Grugulis and Vincent, 2009)*”.

Policy initiatives

While adult education budgets are being cut, a number of initiatives have been introduced to promote resilience in the labour market and lifelong learning at the individual level. These include:

- **50+ Apprenticeships**

- The large rise in youth unemployment has shifted the current focus largely onto those aged 16-24. However, there has been an investment in apprenticeships, and adult apprenticeships are part of this programme.
- While take up of apprenticeships by older workers is limited these have been growing in response to government campaigning. The latest figures show that among those aged 45-59, the increase is from nearly 10,000 to around 42,000 between 2010 and 2014 and this age group makes up nearly 10 per cent of all apprenticeships who receive training from a business while doing paid work.

- **Careers Advice**

The Government-funded Mid-life career review project was undertaken by the National Institute for Adult Continuing Education (NIACE, 2014), in partnership with the National Careers Service and others. One aim of the study was to identify what works in relation to preventing early labour market exit. The study also investigated the impact of support for ‘early’ consideration of work and retirement planning issues. Traditionally, “careers services” have concentrated on young people but the benefits of career information advice and guidance later in life are increasingly recognised.

Everyone has the right to a mid-life career review at the age of 47 in France, a right which TAEN, NIACE and Unionlearn would like to see implemented in the UK (Union Learn, 2014). The Mid-life career review seeks to identify where people are in their careers and where they want to get to and what training they need to get there. The DWP has expressed a commitment “to incorporate lessons learned from the Mid-life career review pilots and integrate the ‘50+ delivery model’ into existing partner practice, to ensure older workers can access an in-depth career review for the first time” (DWP, 2014).

4. Looking to the Future

With extending working life a cross party policy priority for the UK government, a broad multidimensional approach has been adopted, with reforms targeting older workers both in terms of supply (in relation to pension incentives, provisions for flexible working, welfare benefits and labour activation) and demand (age discrimination legislation, abolition of CRA and campaigns to shift employer attitudes).

Health in the workplace and learning/training are largely seen as the responsibility of individuals and employers. In relation to health, initiatives targeting older workers specifically and age management programmes in the workplace are not widespread. Campaigns to prevent lifestyle illnesses and health screening programmes target the whole population while in the workplace, health and safety provisions tend to apply to all workers regardless of age (European Foundation, 2013).

In relation to lifelong learning, training provision falls to employers but this tends to be job specific, often of short duration and declines with age of employee. More general learning opportunities leading to higher skills and qualifications, which might more readily lead to job mobility or a change in industry or occupation, are now greatly diminished due to prohibitive costs. While training provision is a central component of labour market activation for the unemployed of all ages this is largely inappropriate for most older unemployed people and focussed very much on basic skills.

In terms of the supply side, a combination of financial incentives and disincentives relating to pensions and welfare benefits have been brought to bear alongside measures to tackle barriers to employment (rights to request flexible working). The demand side has also been addressed by means of both a voluntarist (age positive campaign) and regulatory (abolition of CRA and age discrimination legislation) approach.

The UK state pension system however remains rigid, with no opportunities to take an actuarially adjusted early pension, unlike elsewhere in Europe and in the USA where a more flexible system applies. In the US, for example, reduced benefits can be paid from age 62, the reduction gives an 80% benefit at age 62 for a worker with a normal retirement age of 65. This flexibility recognises that 'retired' can be a preferred and more dignified status to 'unemployed' later in life; it is also more responsive to occupational background. A twenty year 'illness gap' has been identified with one third of men in their 50s in unskilled or manual jobs reporting a long standing illness while among men from professional and managerial backgrounds, this degree of ill health is not found until they reach their 70s (Yeandle, 2005). It could therefore be argued that occupationally based different retirement ages are appropriate.

4.1 Challenges of evaluating the impact of specific policy measures

The challenge of evaluating the effectiveness and impact of specific policy measures is complicated by the fact that, aside from the various government regulations and initiatives discussed so far, individual employment decisions and options are also driven by broader influences such as the economic context, the geography of demand and wider social trends which determine individual financial circumstances.

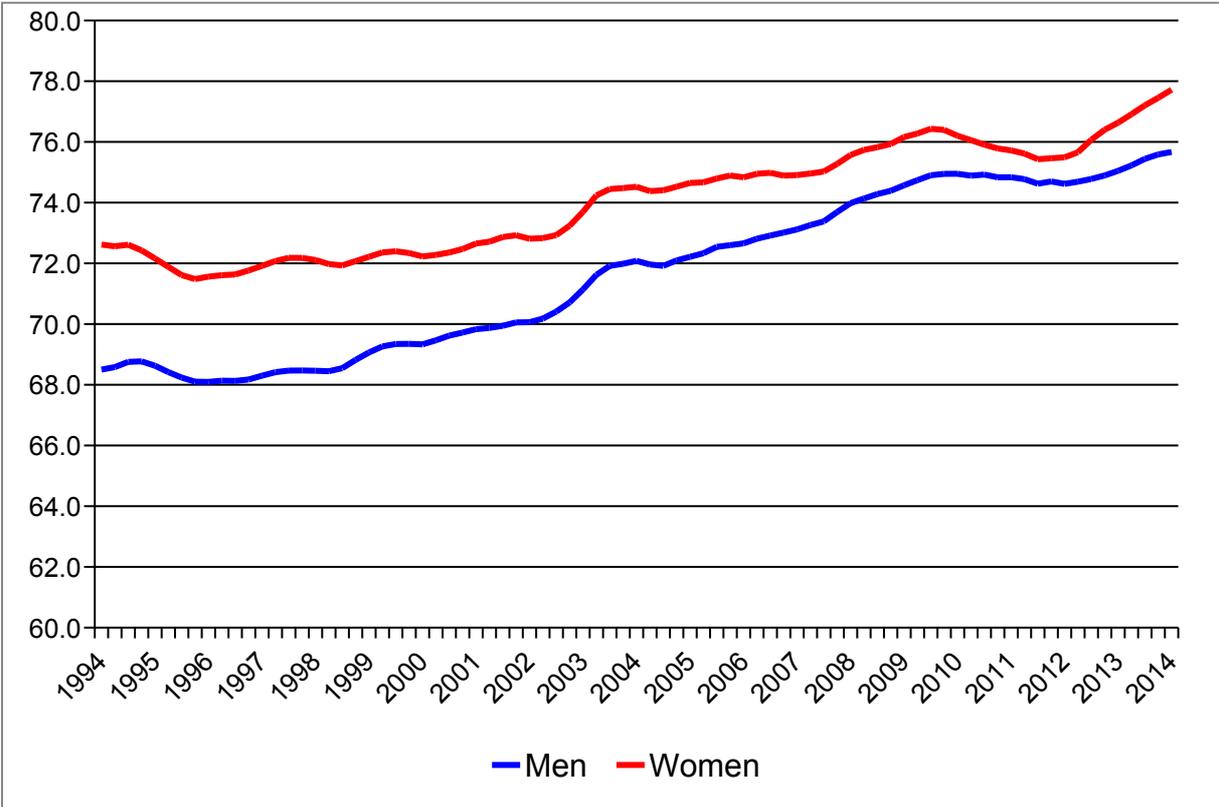
Recent recessionary conditions following the 2008 crash did appear to briefly stall the growth in participation rates among older workers with a dip between 2009 and 2011 but the upward trend resumed once again from 2012 (Figure 4.1). Growth, however, is uneven, with employment opportunities remaining low in the old industrial heartlands which were hardest hit by industrial restructuring in the 1980s and 1990s.

'Affordability' of retirement is also a key issue. Financial considerations that may affect perceptions of whether someone can afford to retire include:

- The value of expected pension. As discussed above, with the disappearance of defined benefit pension schemes, and early retirement pension options, retiring becomes less affordable, although this factor is more likely to impact on future cohorts of retirees. Those retiring up to 2014 are still part of the cohort of DB scheme beneficiaries which have now been closed to new members.
- Low interest rates are also a problem which erodes the savings on which many pensioners depend – in the UK the base rate has been at 0.5 per cent since March 2009.
- Higher costs associated with supporting adult children are also a factor - for example providing support for Higher Education or helping children to get onto the housing ladder. Both housing and education costs have escalated dramatically in the UK in recent years and evidence suggests parents are prepared to make sacrifices for their children well into adulthood²⁴. For some this might involve remaining employed for longer than preferred.

²⁴ <http://squaredawayblog.bc.edu/squared-away/kids%E2%80%99-college-trumps-parents%E2%80%99-retirement/>)

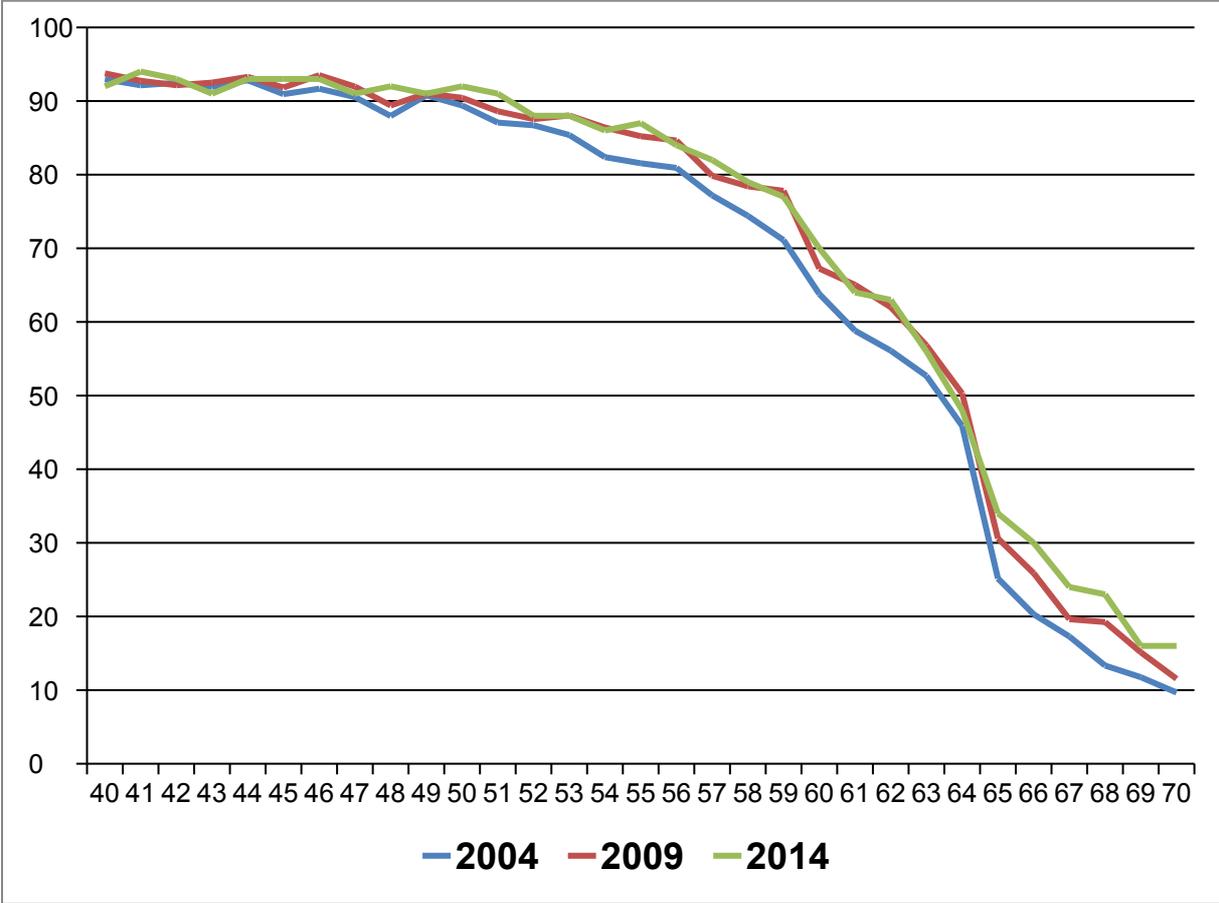
Figure 4.1: Participation Rates age 50- State Pension Age



SPA for men is 65; for women it was 60 until 2010 after which SPA rising incrementally until 2018 at which point it will also be age 65. The graph takes into account the incremental increases in female State Pension Age since 2010.

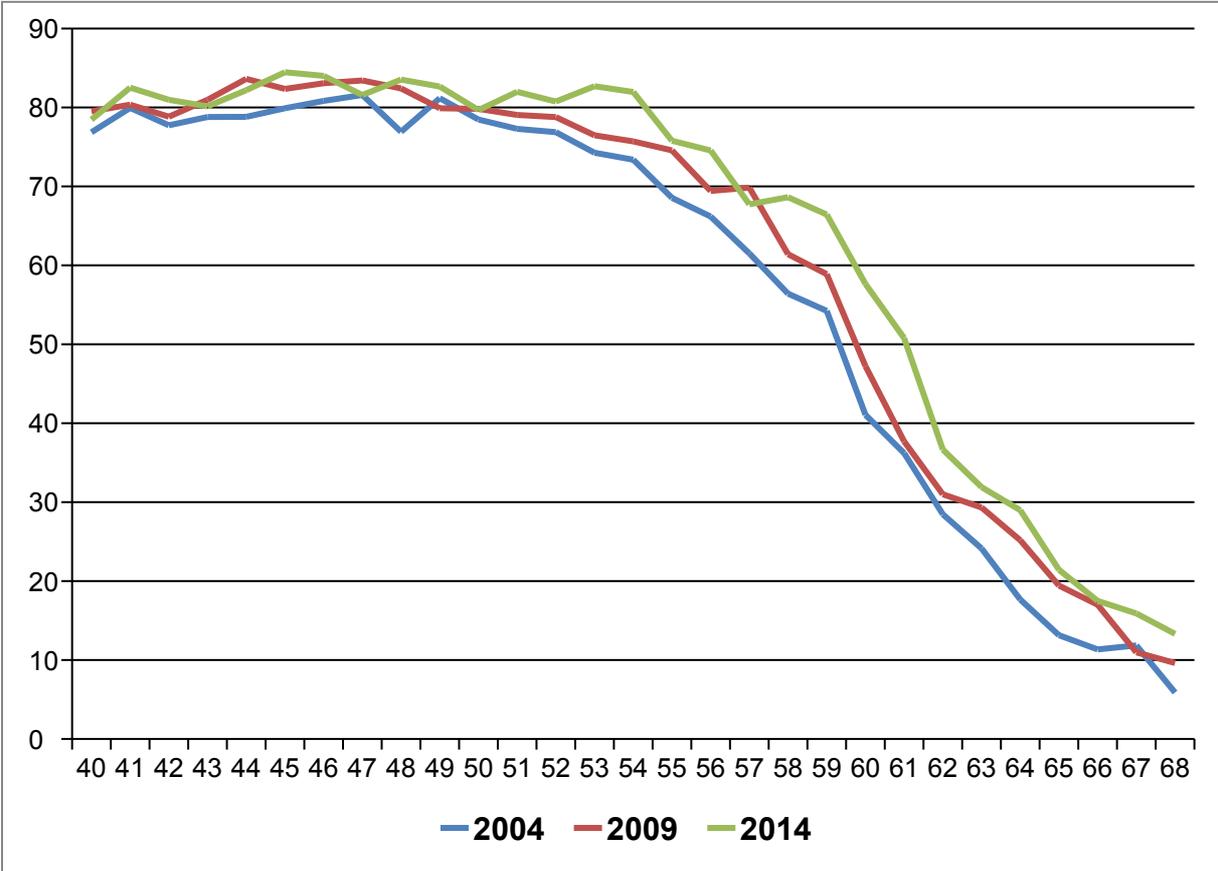
Figure 4.2 provides evidence among men of an impact from the abolition, in 2011, of compulsory retirement at age 65. In 2014, compared with 2004 and 2009, we see the same broad pattern of employment starting to tail off in all 3 years from around the age of 52. However, between the age of 64 and 65 we see a 20 and 21 percentage point fall in employment in 2004 and 2009 respectively – but by 2014 this drop at state pension age has fallen by 6 percentage points to 14%. After 65, the downward trajectory takes up a similar slope gradient once again when comparing the 3 years.

Figure 4.2 Employment Participation - Men



The impact of abolishing the compulsory retirement age for women is far less clear due to the conflation of the impact of 2 policies: the abolition of compulsory retirement and the increasing State Pension Age for women. In 2004 and 2009 women’s SPA was 60 but by 2014 it was 62. Figure 4.3 highlights the response to that rise in SPA – between age 59-60 employment rates drop by 12-13% in 2009 and 2004. By 2014 the decline is 3-4% lower, at just 9%. The biggest single drop in 2014 can be seen instead between the ages of 61-62 at 14%, double the rate of decline seen in the previous years. After 62 we see once again downward gradients which are similar in each of the 3 years. So, for women there is no strong evidence that they are taking advantage of the right to continue working beyond SPA.

Figure 4.3: Employment Participation - Women



A final observation from both Figures 4.2 for men and 4.3 for women, is just how low participation rates remain between 66 and 68 which is the age everyone will be expected to work until before receiving any pension from the state in years to come.

4.2 Looking to the future: recruitment and retention

Looking at tenure data in Figure 4.4, it is evident that the growth in employment among older men in the UK has largely been a ‘retention’ phenomenon. Compared with the year 2000, long term employment tenure of 10 years or more has been on a largely downward trend among male prime age workers (from 38% to 35%), while for men aged 55-64 the trend has been largely upward since around 2005 (from 48% to 56%) and with steeper increases among those over state pension age (from 34% in 2000 to 53% in 2013). So increased employment participation at older ages is associated with older workers remaining in their jobs for longer.

Figure 4.5 shows tenure data of 10 years plus among women. Below state pension age increased tenure has been slight – among women aged 25-54 an increase from 30-33% is observed and among women aged 55-59 the increase was from 55-57%. A notably stronger upward trend was evident among women aged 60-64, up from 59% to 65%

Figure 4.4: Employment tenure 10+ years: Men

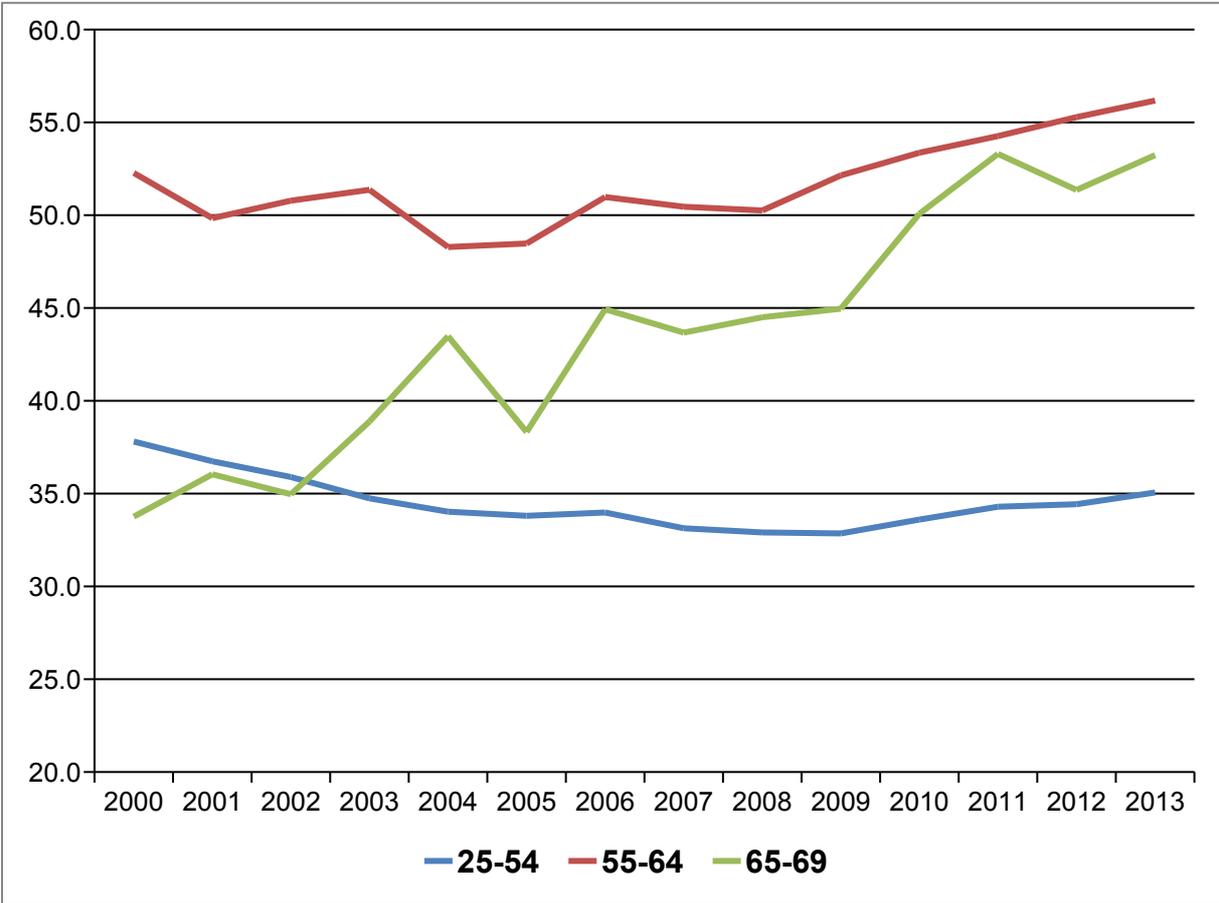
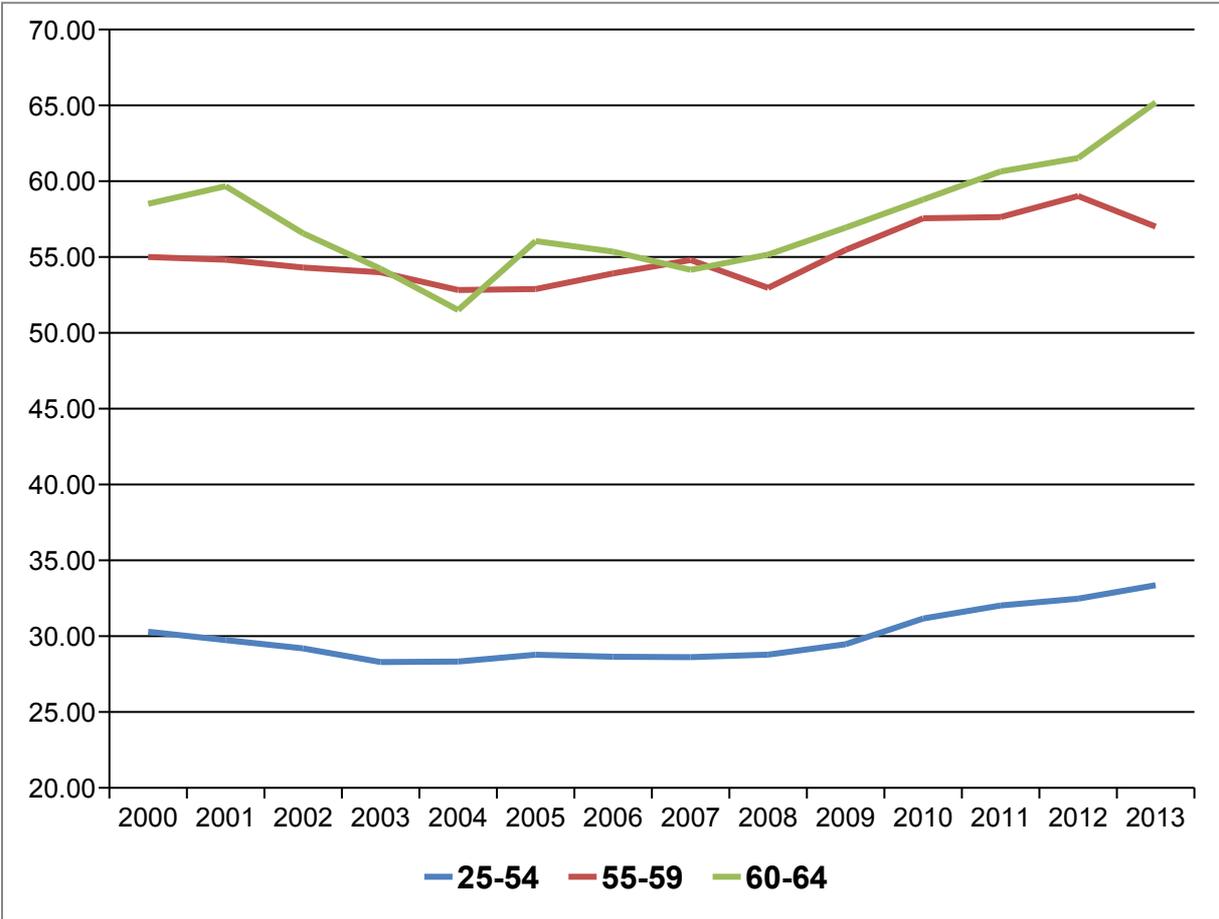


Figure 4.5: Employment tenure 10+ years: Women



It could be argued that the key challenge now is to promote recruitment at older ages. 2.9 million people over 50 are out of work (DWP, 2014a) and many older workers in employment are keen to change jobs for a variety of reasons (Smeaton et al, 2009). There are plenty of incentives to keep people in work for longer, but for those who have been made redundant, who are unemployed, or have been sick or caring and wish to return to work, improved recruitment rates are needed. Improved opportunities would also benefit older people wishing to reverse retire. Once retired for a while people often express interest in returning to some form of paid work. Yet, despite the upward trends in participation rates among older workers, there is still resistance among employers. Hence the duration of unemployment is higher among the 50+ and most of those who are long term unemployed are over the age of 50 (see figures 4.6 and 4.7).

Figure 4.6: Proportion of unemployed men out of work for one year or more

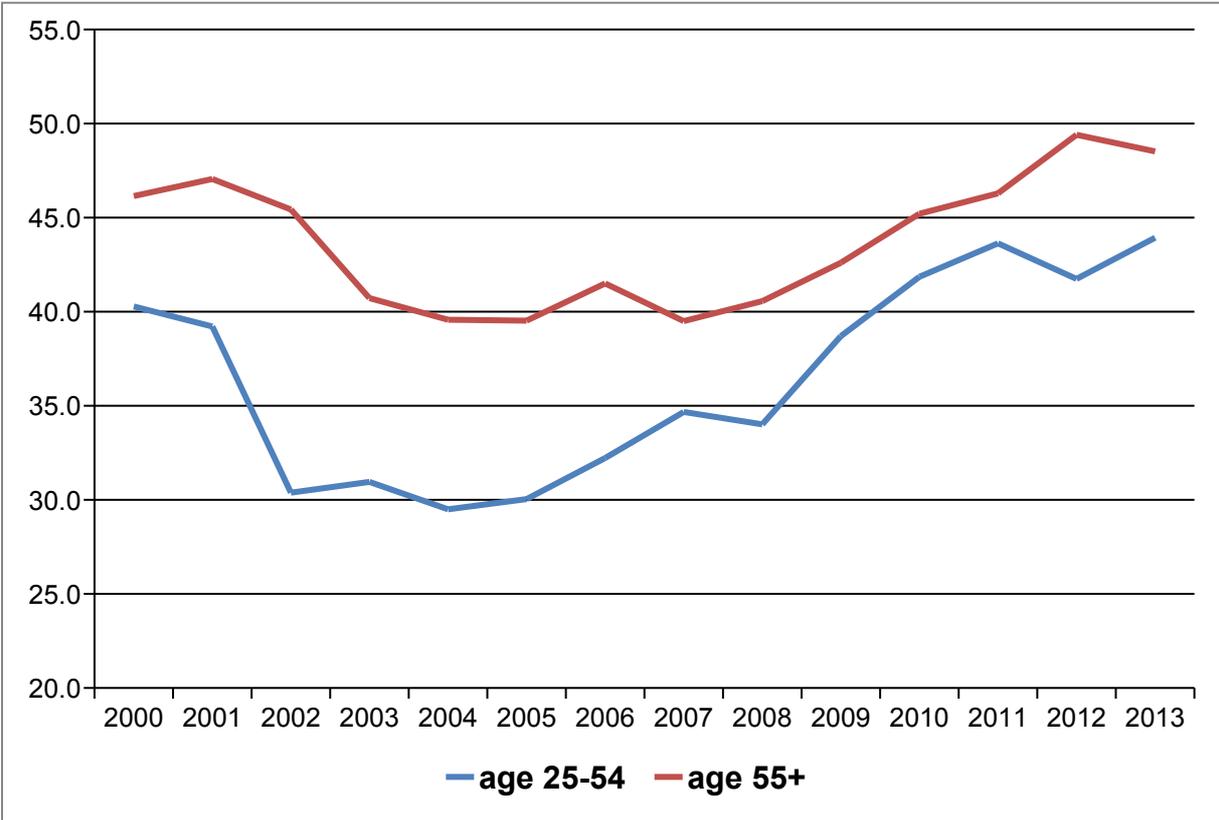
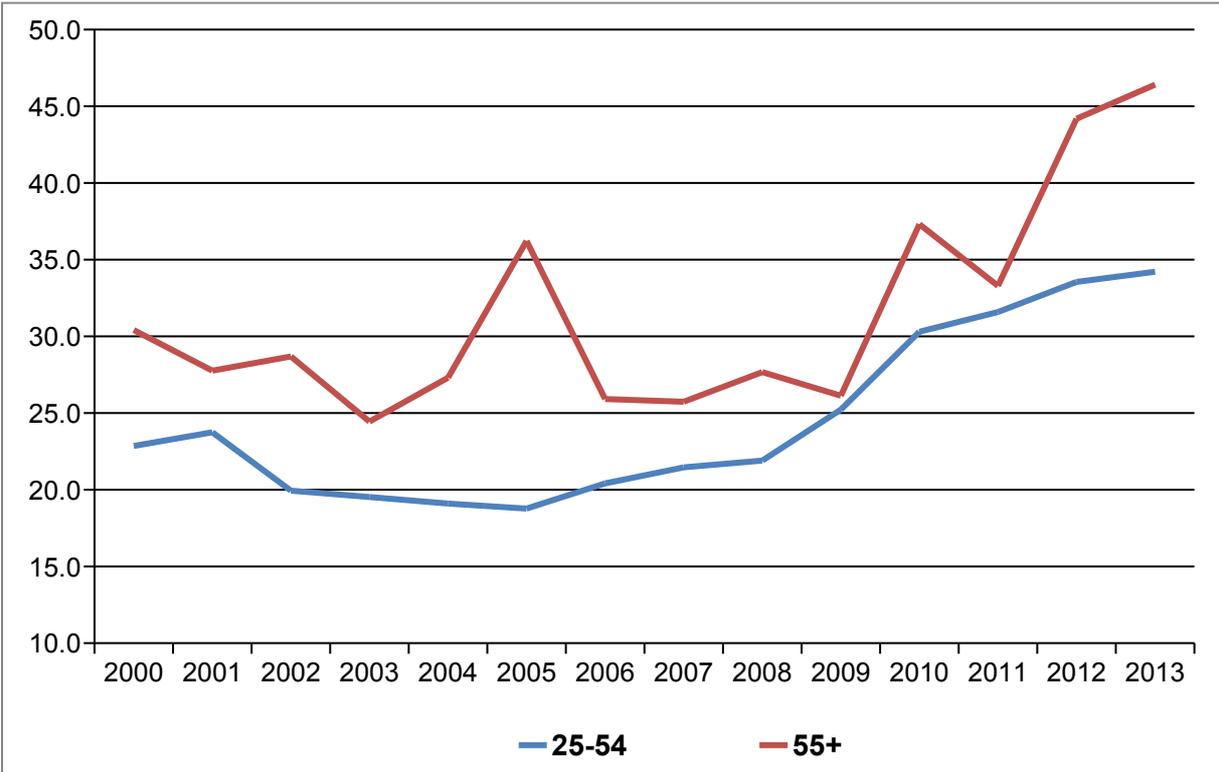


Figure 4.7: Proportion of unemployed women out of work for one year or more



A greater propensity to recruit would promote labour market mobility at older ages which, in turn, may benefit national economic performance by allowing a better match between people and jobs in terms of skills, productivity and preferences. As suggested by Euwals (2009), government policy might now benefit the wider economy by shifting focus from participation rates to better job-matching among older workers. The aim would be to promote flexibility at older ages toward; “the right job, with the right skills and with the best productivity...for a better functioning market with easier matching, sufficient flexibility, and appropriate training.”

One study found that 45% of older workers felt they were overqualified for their work (McNair, 2010), which suggests a waste of experience and skills. Although in some instances underemployment reflects choice, with individuals opting to move to less stressful jobs as they approach retirement, for others it reflects age discrimination by employers, and McNair’s study suggests that many have been forced by age discrimination into jobs below their abilities and aspirations.

Schemes and initiatives designed to get older people back to work must therefore complement supply side interventions with demand side measures. Evidence suggests that while employers are now more willing to retain older workers and will take steps to maintain their employment, the impetus to recruit older workers has not increased to the same extent (McNair, 2006).

A number of studies have emphasised the significance of discrimination in the labour market leading to recruitment problems among the 50+ (Taylor and Walker, 1998; Arrowsmith and McGoldrick, 1996, 2001; McNair and Flynn, 2005; Smeaton et al, 2009; Porcellato et al., 2010; TAEN, 2013). The type and prevalence of discrimination varies according to the characteristics of employees, their jobs and the industry in which they work (Duncan and Loretto, 2003; Weller, 2008).

In addition to discriminatory practices, redundancy policies among some employers and the operation of internal labour markets (ILMs), found in many large firms constrain opportunities for employment among older workers (Daniel and Heywood, 2007; Hirsch et al 2000; Arrowsmith and McGoldrick, 2001). In establishments which operate internal labour markets, vacancies are filled from within when possible. Entry level jobs tend to be reserved for junior positions and staff with less experience who are typically younger. Younger recruits can be moulded to fit highly specific organisational and managerial cultures and develop firm specific skills. This is a cost efficient model for employers – younger recruits are cheaper to employ and, with the promise of rewards in the future (whether by means of occupational pensions, long incremental pay scales and/or job ladders), are used to secure organisational commitment and act as a disincentive to ‘shirking’ (Lazear, 1981). In firms with steep ‘wage tilts’ (i.e. a steep earnings-experience profile), good pension arrangements, and training opportunities, the chances of older workers being recruited diminish further (Hutchens, 1993; Hirsch et al, 2000; Daniel and Heywood, 2007). While pension provision has more recently become non-significant in the hiring of older workers, the lower propensity to recruit did not change between 1998 and 2004 despite developments in policy landscape (Kidd et al, 2012). Ilmakunnas and Ilmakunnas (2012) similarly find older age groups underrepresented in hirings with rates lowest in large firms.

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¹ In England secondary schools are attended between 11 - 16 year olds and most children transfer to their nearest secondary school. Under the Tripartite System of secondary education between the 1940s and 1960s, there were three types of school - grammar school, secondary technical and secondary modern (although many Local Authorities only operated grammar and the secondary modern). Under this system pupils were allocated to schools according to their performance in the Eleven Plus examination with the best performers (around one quarter) entering grammar schools. During the 60s and 70s this system was changed with maintained grammar schools converted to comprehensive schools. Some local authorities resisted the abolition of the selective system and 164 funded Grammar schools remain. 7% of children in England attend independent schools (known as private schools and public schools). Parents pay for these schools which are expensive.

Higher Education - around 30% of 18 year olds entered full-time higher education in 2014 (<https://www.timeshighereducation.co.uk/features/danny-dorling-six-trends-in-university-admissions/2018407.article>).

² See: <http://www.german-way.com/history-and-culture/education/the-german-school-system/> for a discussion of the German educational class system which divides students, usually by the age of 10, into three different tracks: (1) *Gymnasium* for high attaining students leading to college, (2) *Realschule* in preparation for mid-level white-collar positions, earning an intermediate-level certificate allowing access to a *Fachschule* ("technical" or "special-training school"), and (3) *Hauptschule* for the less able, aimed at blue-collar jobs and trade certification via *Berufsschule* (vocational/technical school) which combines academic study with an apprenticeship. While it is possible to switch between these tracks, it is not very common. In addition to these three options, *Gesamtschulen* (equivalent to British comprehensive schools), were also introduced in some states during the 60s as an alternative to rigid tripartite system.