

Policy Implication 2.1

Longer working lives bring significant benefits to individuals, employers and wider society.

Many of the benefits are non-financial, including cognitive and health benefits if work is appropriate in its nature.



Government
Office for Science

 **Foresight**



State pension age is legislated to increase.

Government policy states that the UK state pension age will rise to 65 for women by 2018, to 66 for men and women by 2020, with a further increase to 68 by 2046 at the latest.



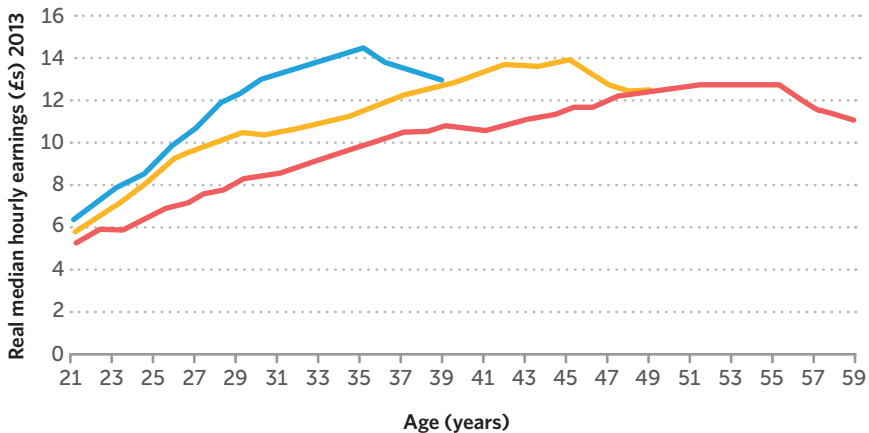
Source: DWP (2013) State Pension age timetable



Falling real wages since the 2008 recession may exacerbate the early peak of earnings.



Real incomes through life, by birth cohort



- Born 1974
- Born 1964
- Born 1954

Source: ONS (2014) UK Wages Over the Past Four Decades - 2014

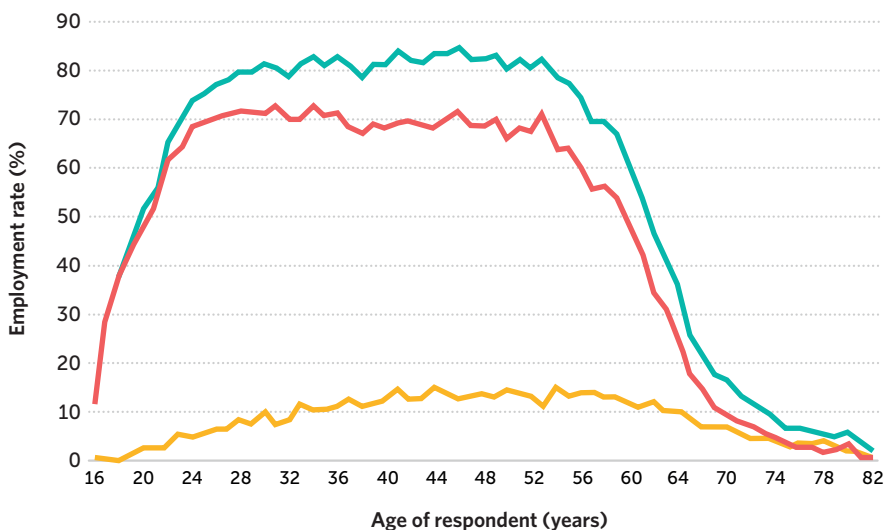




If current workforce exit rates continue for the over-50s – especially the steep decline in employment after age 53 – the UK will face a labour shortage.



Employment rate by type of employment and by age in the UK, 2014



Employment type: ● Self-employed ● Employees ● Total employment

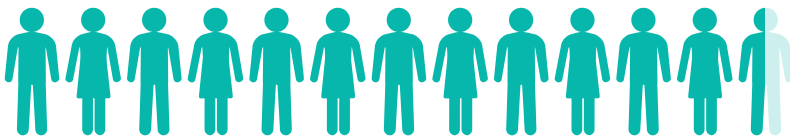
Source: ILC (2014) The Missing Million





An ageing population is likely to result in more people leaving the jobs market than entering it.

Between 2012 and 2022...



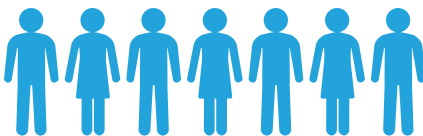
12.5 million

jobs will be opened up through people leaving the workforce



2 million

new jobs will be created



7 million

new younger people will enter the workforce to fill these jobs

Source: Business in the Community (2015) The Missing Million: Recommendations for Action

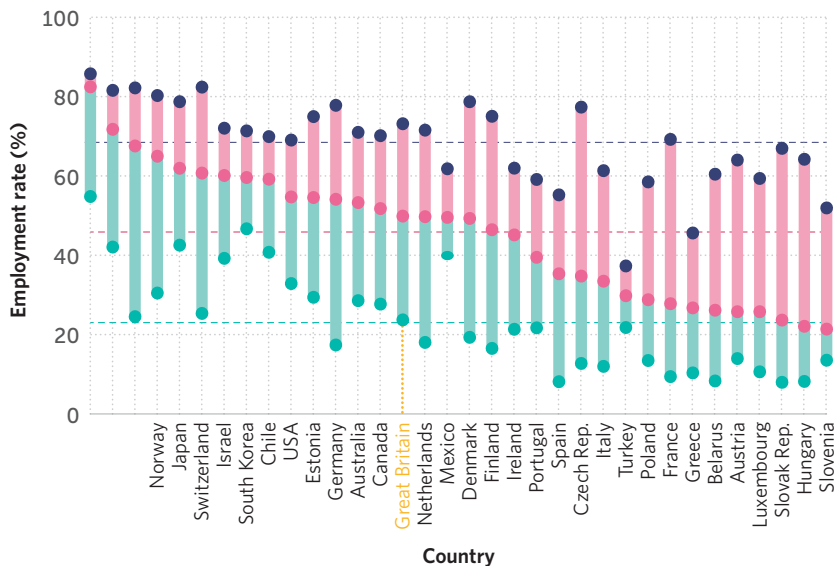




The UK's employment rates for older people are around the average for OECD countries, although the trend has been downwards in the last decade.



Employment rates of older people by age group for OECD countries, 2014

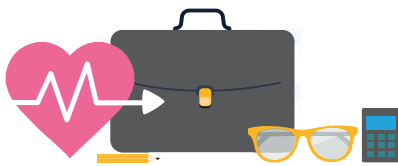


Employment rate by age group (years): 55-59 60-64 65-69
Difference between employment rates: 55-59 and 60-64 60-64 and 65-69

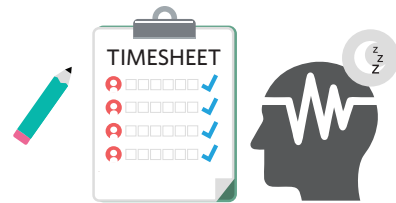
Source: OECD (2015) Pensions at a Glance 2015



Staying in work longer can have positive health impacts, although this is dependent on the quality of the work. Thus, differences in the nature of work can increase disparities in health outcomes.



Some studies have found the relationship between health and work to be bidirectional with benefits from work on physical and mental health. Better access to work for those with mental health problems is known to offer both clinical and economic benefits.



However, poor conditions in the workplace can cause stress and exacerbate mental health problems, and so limit the benefits of working. Long shift work can exacerbate age-related health issues leading to chronic fatigue, lack of sleep and evidence of impaired cognition.

Source: Buckle, P. (2015) Foresight evidence review | Jagger, C. (2015) Foresight evidence review



The increase in the average age of the UK workforce in many occupational sectors will raise questions for the availability of skills and intergenerational working.



31%

of the manufacturing workforce is aged over 50,
representing at least **864,000** workers



29%

of the construction workforce is aged over 50,
representing at least **600,000** workers



34%

of the transport workforce is aged over 50,
representing at least **330,000** workers

Source: DWP (2012) Extending working life: Behaviour change interventions



Policy Implication 2.2

Employment rates among older people vary across the population.

The causes of these differences must be addressed to ensure that the whole country achieves the potential benefits of longer working lives.



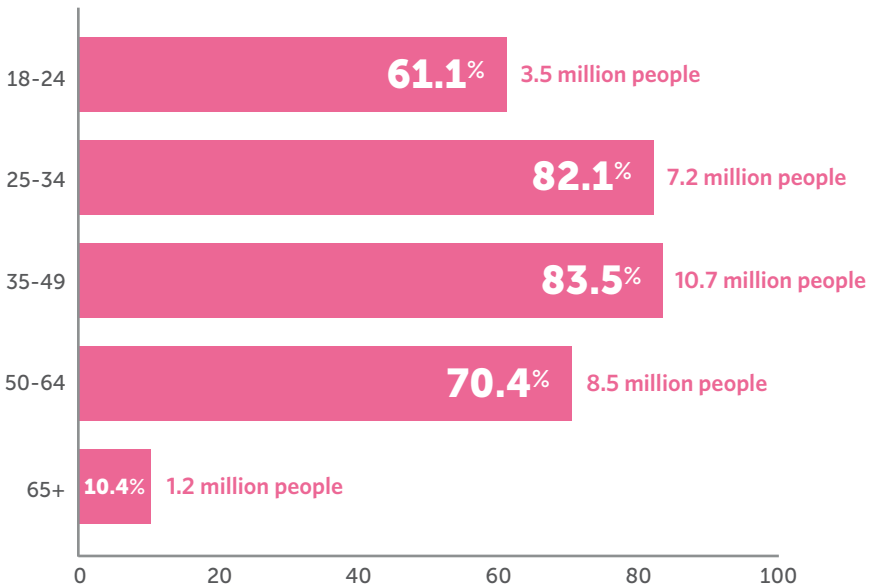
Government
Office for Science

 Foresight

Employment rates for the over 50s are currently lower than for most other age groups.



Employment rate by age group



Source: ONS (2016) A05 NSA: Employment, unemployment and economic inactivity by age group (not seasonally adjusted)



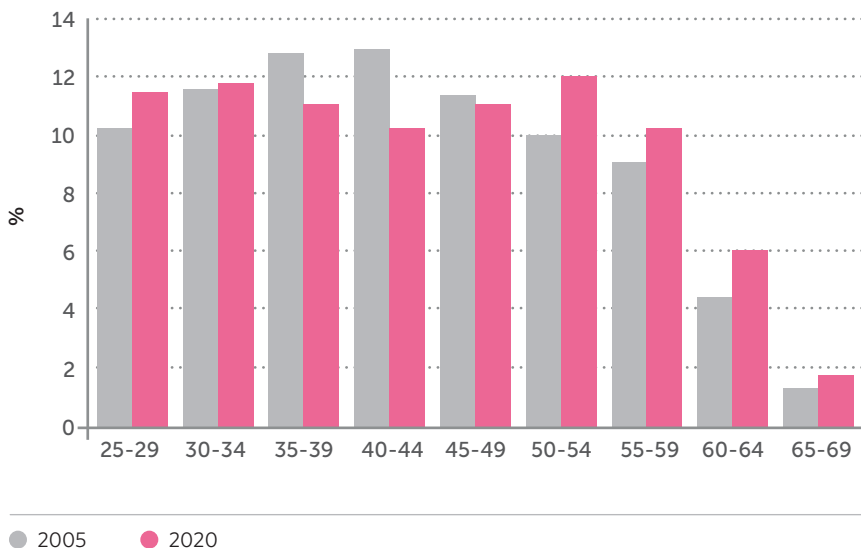


The labour force is ageing as the population ages and people work for longer.

The number of older workers (those working beyond State Pension Age) has almost doubled from 753,000 in 1993 to 1.4 million in 2011. This constituted 7.6% and 12% of the population over state pension age. However, there are 2.9 million people out of work who are between 50 and the State Pension Age (DWP, 2014).



Estimates and projections of the number of people in age group as a proportion of the entire labour force, UK, 2005 and 2020



Source: ONS (2006) Projections of the UK labour force, 2006 to 2020

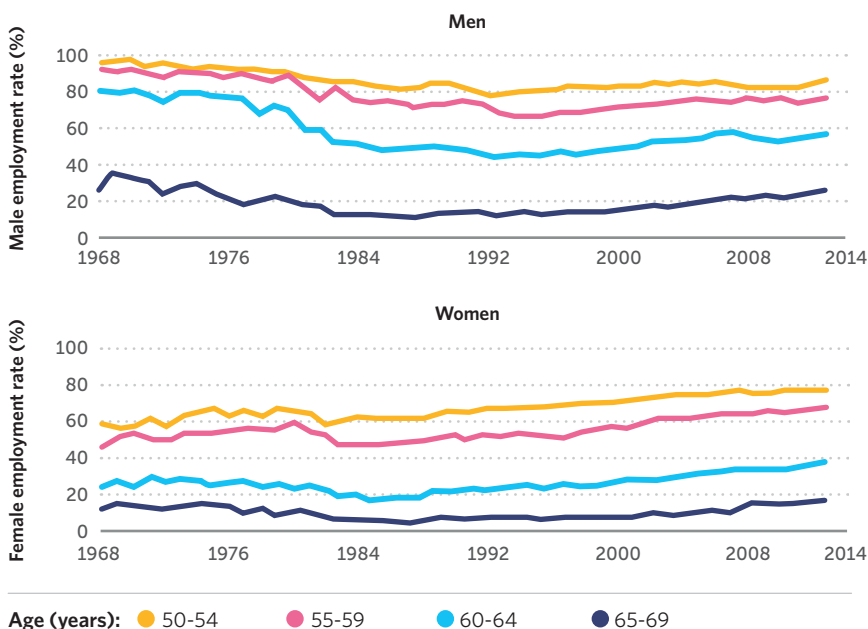




Employment rates among both older men and older women have increased since the mid-1990s, although older male employment rates are still lower than in the early 1970s.



UK employment rates of older men (top) and older women (bottom), 1968-2013



Source: IFS (2014) Retirement in the 21st Century

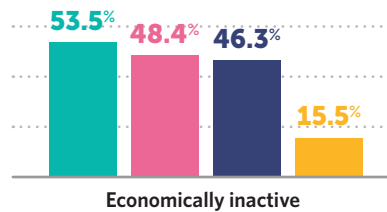
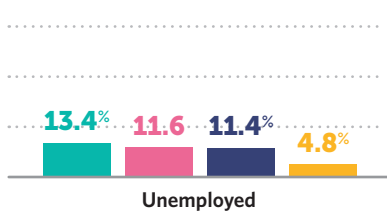
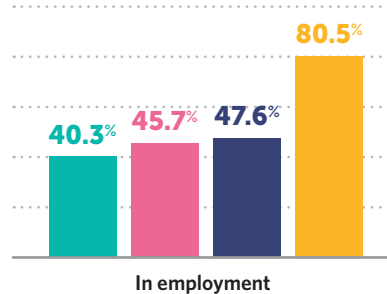
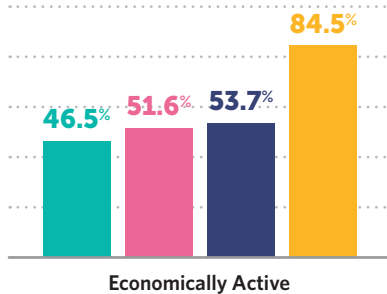




Health status affects the employment likelihood of individuals.



Economic activity rates of people with disabilities aged 16-64, Jul-Sept 2015



- People with work-limiting disabilities
- Equality act core disabled
- Classified as Equality Act core disabled and/or work-limiting disabled only
- Not classified as Equality Act core disabled and/or work-limiting disabled (excluding those who did not state their health situation)

Source: ONS (2015) A08: Labour market status of disabled people.
These groups are not mutually exclusive



Large parts of the country - especially in the north – have a Disability Free Life Expectancy below the state pension age.

In the context of the trend towards longer working lives, what will happen to people who are unable to continue working for health or other reasons?



Source: Jagger, C. (2015) Foresight evidence review





There are significant regional differences in current employment rates of those aged 65+.



Regional employment rates of men and women aged 65+, 2016

Region	Employment rate (%)	
	Men	Women
London	16.9	10
South East	16.9	8.5
South West	15.2	8.9
East	14.8	9.6
Northern Ireland	14.2	5.3
East Midlands	13.9	6.9
Wales	12.9	7.9
West Midlands	12.9	5.3
Yorkshire & The Humber	12.0	6.7
Scotland	11.8	5.9

Source: ONS (2016) Regional labour market: March 2016



Policy Implication 2.3

There are a range of adaptations and approaches to overcoming barriers to working longer and enhancing productivity in the ageing workforce

Including addressing negative attitudes, health needs, workplace design, technology and adaptations in HR policies and working practices. An important policy question is where the balance of costs lies between the state, employer and worker.

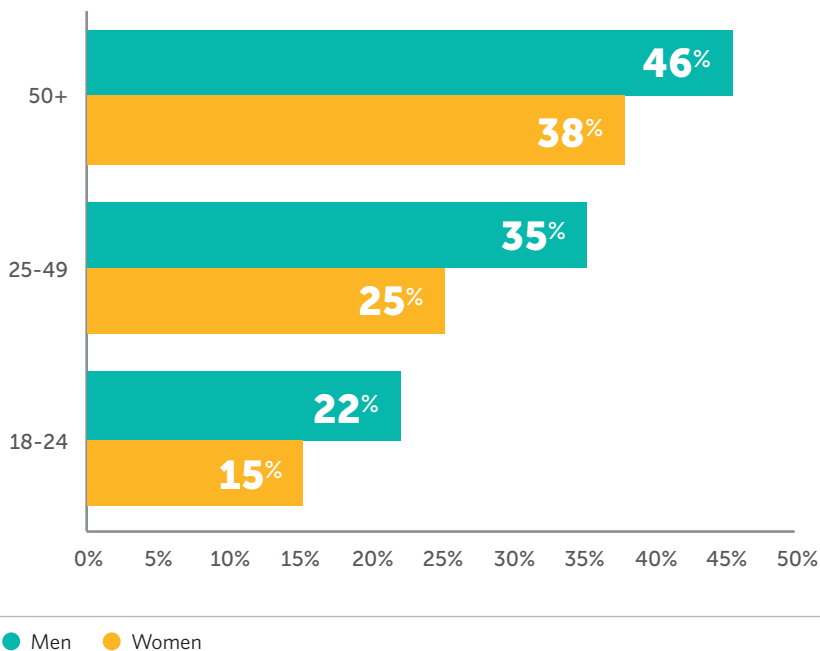




Once out of work, a high proportion of older job seekers currently remain unemployed for over a year.



Proportion of the unemployed that have been unemployed for at least a year by age group



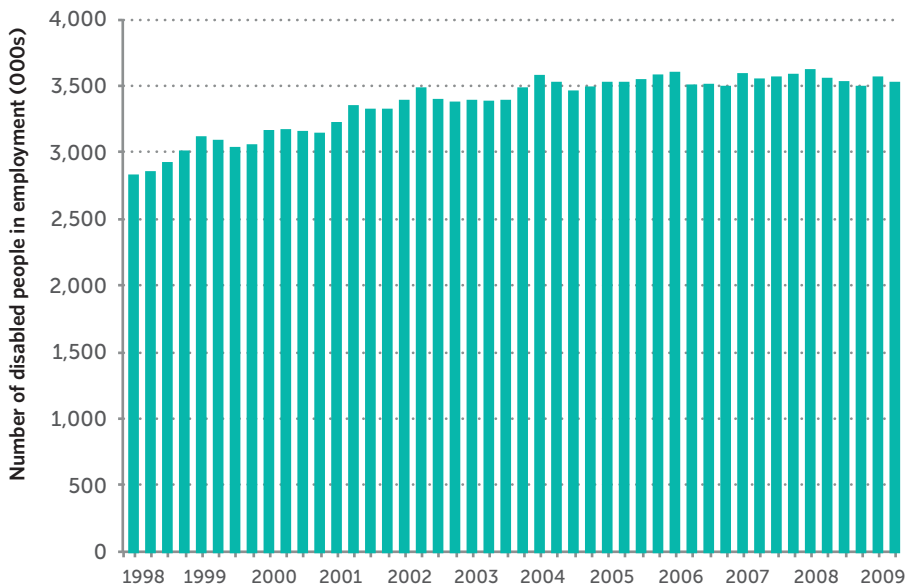
Source: ONS (2016) UNEM01 SA: Unemployment by age and duration (seasonally adjusted)





As the UK has aged, the number of disabled people in the workforce has increased.

Depending on success at extending disability free life expectancy, this number may increase as the population ages.



Source: Labour Force Survey



There is a need to design workplaces to meet changing needs of workers.

Age inevitably brings about an increased prevalence of physical change that can result in impaired workplace functioning. For example...



Deterioration of visual acuity and functioning in low light levels may begin in the mid - 40s.



Hearing loss is common in those over 60, making conversations and instructions harder to distinguish from background noise.



Dependent on lifestyle, aerobic and cardiovascular functions decline as we age, and recovery time following exertion increases.



Musculoskeletal changes lead to reductions in muscle and grip strength, posture and balance (this is dependent on lifestyles, which may change).

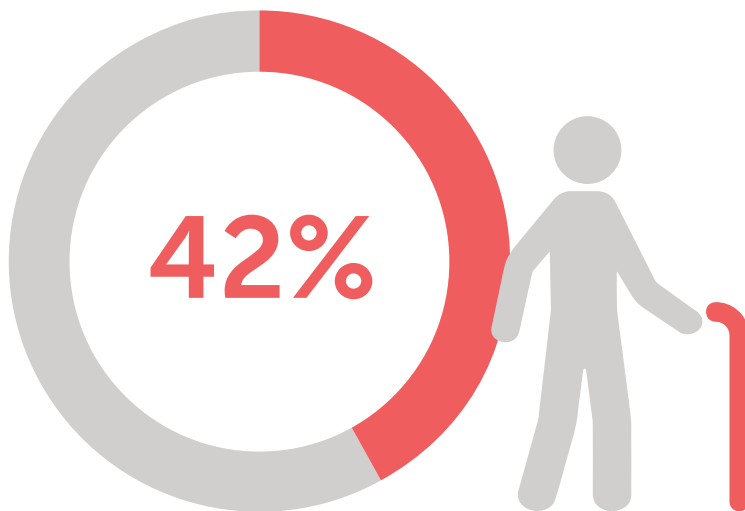
Source: POST (2011) *An Ageing Workforce*





Older workers still face discrimination.

However, contrary to popular myth, the evidence shows that keeping more older people in work actually improves employment prospects for younger generations, and has in some cases even increased their wages.



A 2015 Eurobarometer report found that **42%** of people regard age discrimination against older people as 'widespread'

Source: European Commission (2015) Eurobarometer on Discrimination 2015: General perceptions, opinions on policy measures and awareness of rights





An ageing population is likely to mean more demand for working part time.



Proportion of employees who say they would prefer shorter hours than at present, 2011

	18-24	25-49	50-64	65+
Construction	19%	36%	44%	26%
Education	19%	29%	32%	10%
Finance	23%	42%	48%	10%
Health & Social Care	15%	28%	33%	14%
Hospitality	10%	22%	27%	20%
Manufacturing	23%	37%	49%	31%
Public Admin	19%	37%	43%	9%
Retail	12%	30%	37%	19%
Transport	16%	38%	43%	25%
Other Sectors	17%	35%	41%	17%

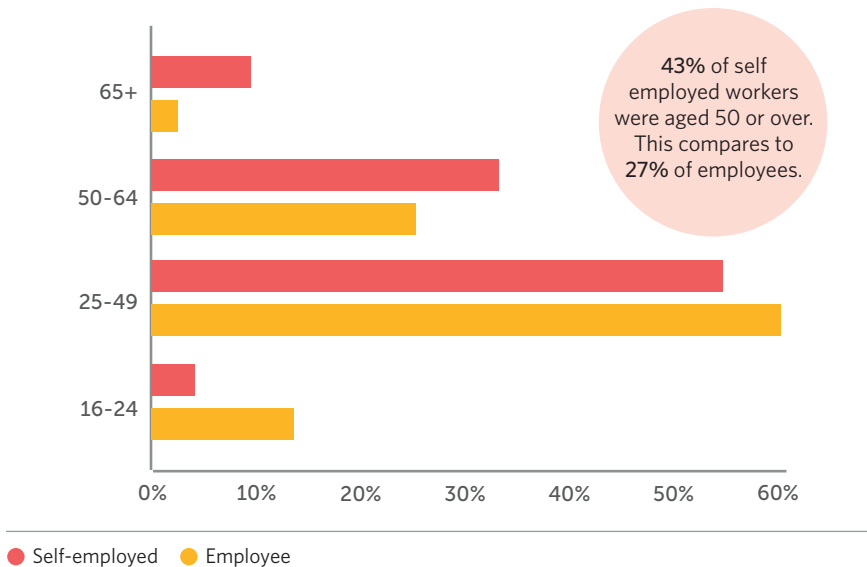
Source: DWP (2013) Older worker employment: national and sectoral





Currently older workers are more likely to be self-employed or work in SMEs – yet SMEs often provide fewer training opportunities and lack the resources to provide occupational health support.

Similarly the self-employed may lack access to support services to help deal with health issues.



Source: ONS (2014) Self-employed workers in the UK





There has been a 140% increase in over 65s running their own businesses since 2000.



+140%

increase in over 65s running
their own businesses

Source: Deloit (2014) Out of Office? RSA Journal 3 21-3

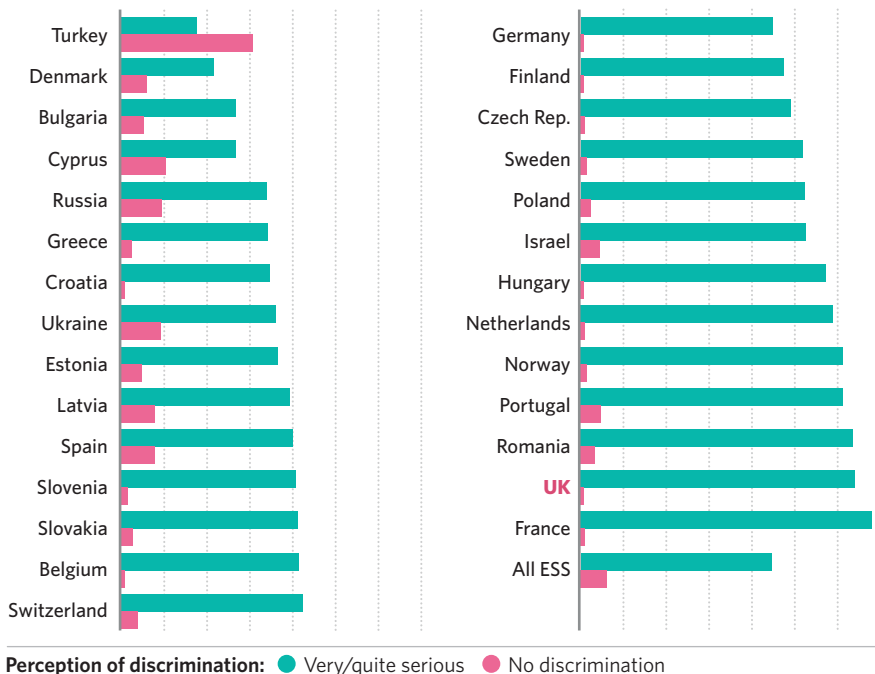




People in the UK are the second most likely in Europe to see ageism as a problem but it's important to recognise this is not limited to older people.



Percentage of people in European Social Survey countries indicating age discrimination as a 'very serious' or 'quite serious' problem or that it 'does not exist', 2010



Source: Age UK (2011) Ageism in Europe: Findings from the European Social Survey

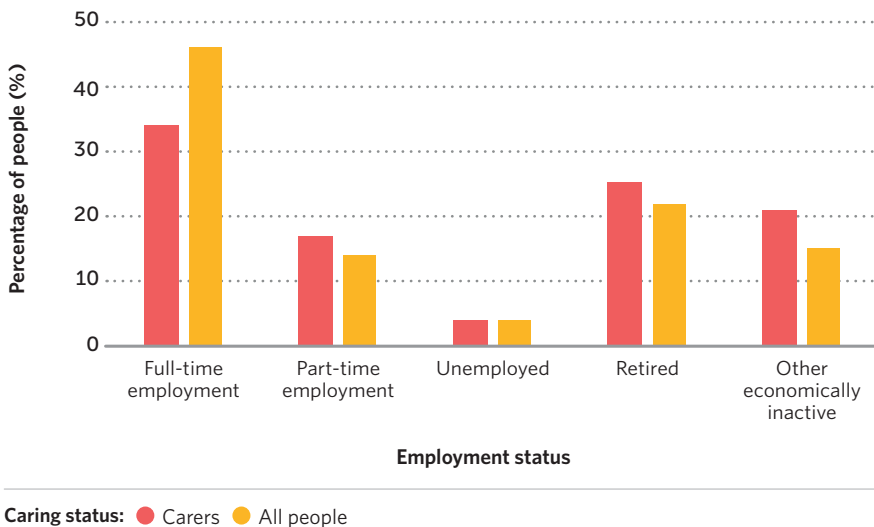




Evidence shows that carers often withdraw from paid work and do not return. They are less likely to work full-time and more likely to be economically inactive.



Employment status for adult carers and all adults in the UK, 2013/14



Source: DWP (2015) Family Resources Survey: United Kingdom

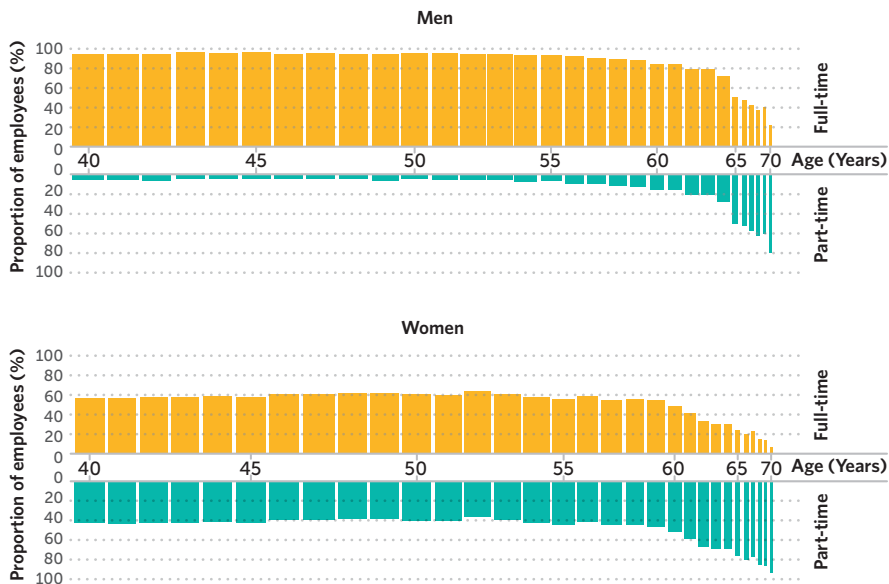




Women over 60 and men over 65 are already more likely to work part-time than full-time. Part-time or flexible hours can be appropriate in the period of work just before retirement.



Proportion of men and women in employment aged 40-70 in full-time or part-time work in the UK, 4th quarter average 2011. Width of band indicates number of workers



Source: DWP (2013) Extending Working Life: Sector Initiative Analysis



Policy Implication 2.4

Longer careers, a more dynamic labour market and the impact of automation on jobs mean that lifetime learning and training will be essential to the future of an ageing workforce.

If successful, this can help the UK's workforce, increase productivity and ensure people have higher levels of financial, social and mental capital going into later life. Failure will likely result in skills gaps at the same time as older people are leaving the labour market.

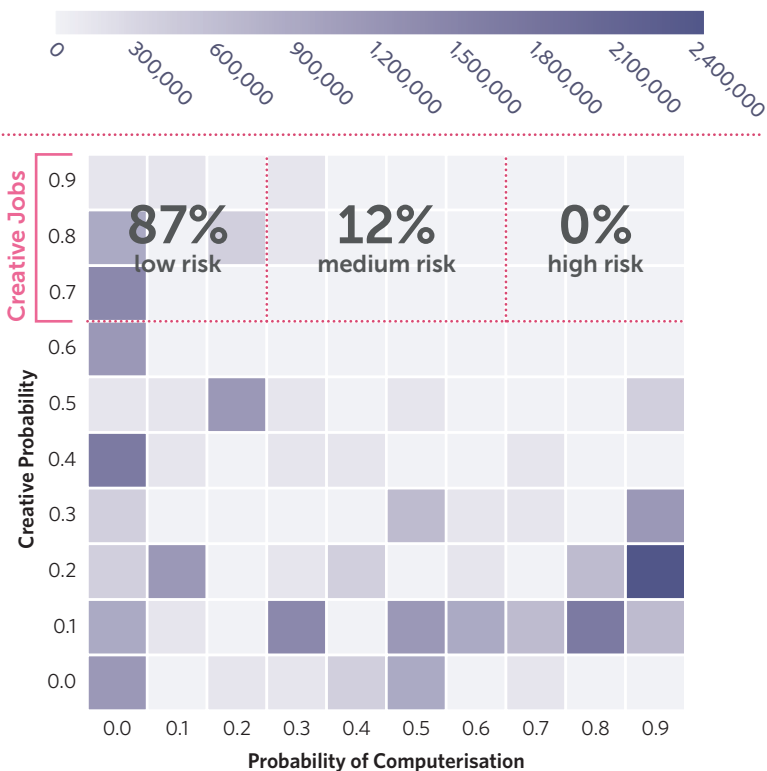




Jobs requiring human creativity and social intelligence are less likely to be replaced by technology.



Numbers of jobs at risk of replacement
(total number represented by shading of squares)



Source: Frey, C. B. and Osborne, M. A. (2013) The Future of Employment: How Susceptible are Jobs to Computerisation





Trends in technology and population ageing may mean certain skills are increasingly in demand in the future UK jobs market.

Rank	Occupation	Current Employment (000s)	Projected net change in employment (000s)	Projected job openings (000s)	Mean Earnings (£)
1	Medical Practitioners	253	63	172	70,648
2	Sales accounts and Business Development Manager	436	74	241	47,862
3	Programmers and software development	277	56	146	40,146
4	Nurses	628	152	427	26,158
5	IT Specialist Managers	210	43	111	48,384

Source: UKCES (2014) Careers of the future



The expansion of global economic activity will increase the demand for educated labour.

Current patterns of demand and supply indicate that there will be a potential global shortage of about **38-40 million high skill workers**, or 13% of demand.

Based on current patterns of education and labour demand, this could translate to a **shortage of 16-18 million college educated workers in 2020** in advanced economies.

China and India are forecast to raise the world supply of college educated workers by **184 million by 2030**, although China will still face a tertiary education skills gap.



Source: McKinsey (2012) The world at work: Jobs, pay, and skills for 3.5 billion people





Advanced economies are likely to experience rising surpluses of workers with less education.

At current rates of educational attainment and labour force growth, it is projected there will be

32-35 million more workers
with only secondary education
than will be demanded
by employers in 2020

This is equivalent to
an **11% oversupply**



Source: McKinsey (2012) The world at work: Jobs, pay, and skills for 3.5 billion people





UK health and care sectors are set to experience significant growth from an ageing population. Around 600,000 jobs in caring and personal services are expected by 2020.

Sectors projected to rapidly increase:



Corporate managers and directors



Health and social care associate professionals



Science, research, engineering and technology professionals



Business and public service associate professionals



Health professionals



Caring personal service occupations



Business, media and public service professionals



Customer service occupations

Sectors projected to decline:



Secretarial and related occupations



Process, plant and machine operatives



Textiles, printing and other skilled trades

Source: UKCES (2014) Working Futures 2012-2022

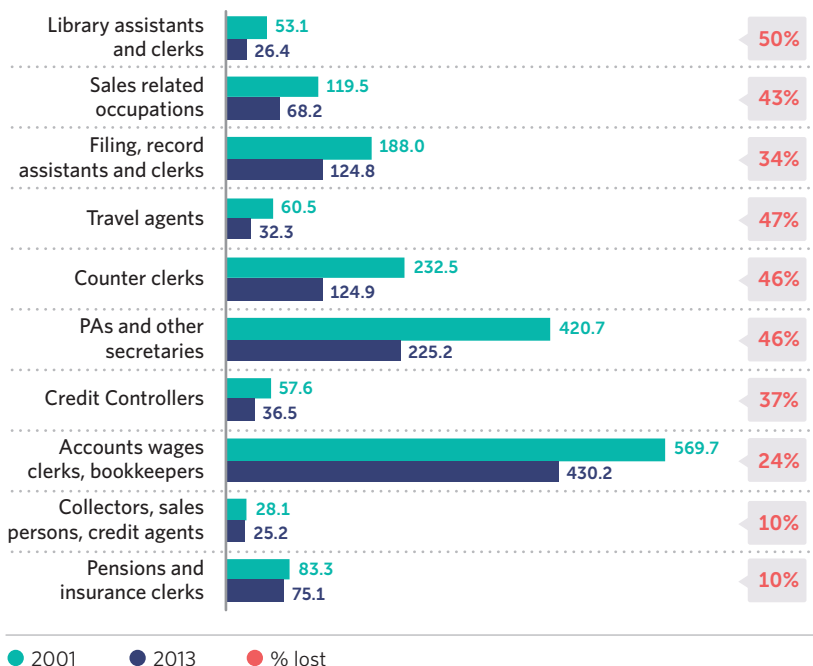




Across the UK, jobs paying less than £30,000 a year are nearly five times more likely to be replaced by automation than jobs paying over £100,000.



Jobs in the UK (000s) 2001 - 2013



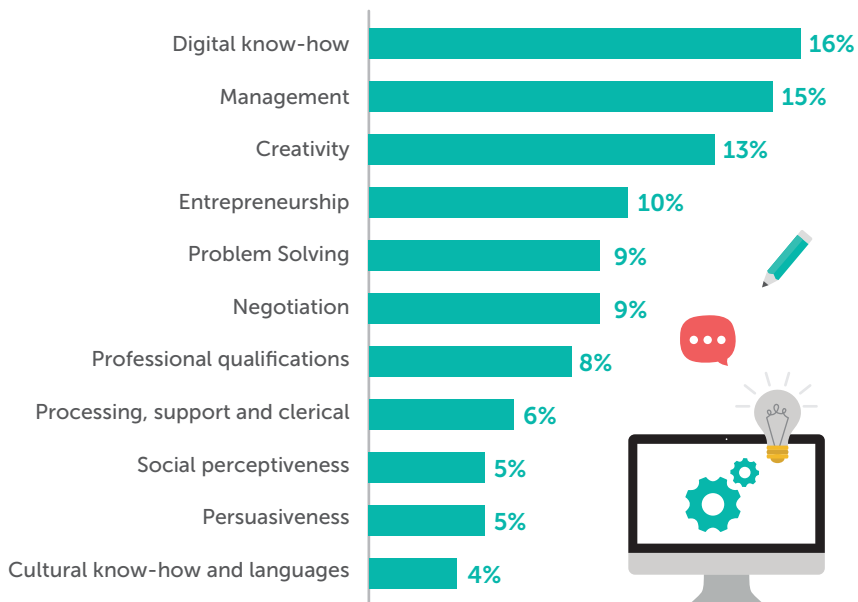
Source: Deloitte (2014) Agiletown: The relentless march of technology and London's response



Technological change is reshaping job and skills demands. Future jobs are more likely to need technology skills.



Skills that London businesses predict they will increasingly require for their business in London



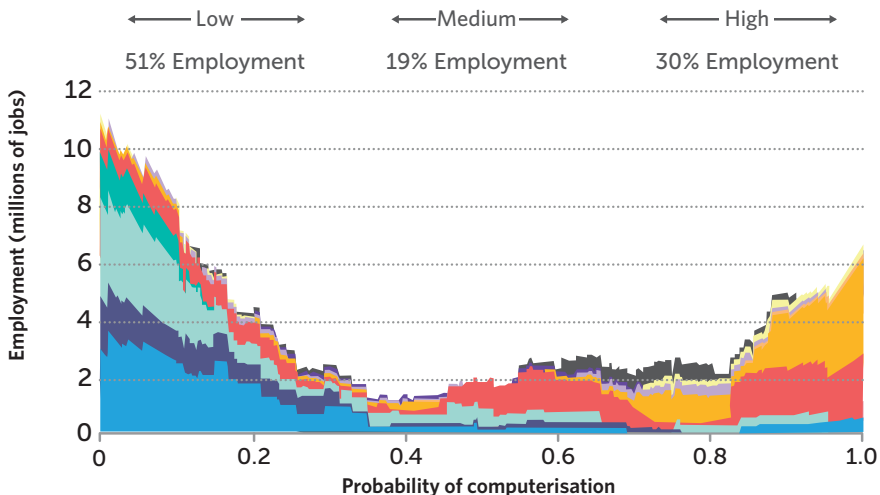
Source: Deloitte (2014) Agiletown: The relentless march of technology and London's response



35% of jobs in the UK could be at risk from automation, with certain sectors particularly vulnerable.



London jobs at risk of computerisation by sector



Job sector:

- Management, Business and Financial
- Computer, Engineering and Science
- Education, Legal, Community Service, Arts & Media
- Healthcare Practitioners and Technical
- Service
- Sales and Related
- Office and Administrative Support
- Farming, Fishing and Forestry
- Construction and Extraction
- Installation, Maintenance and Support
- Production
- Transportation and Material Moving

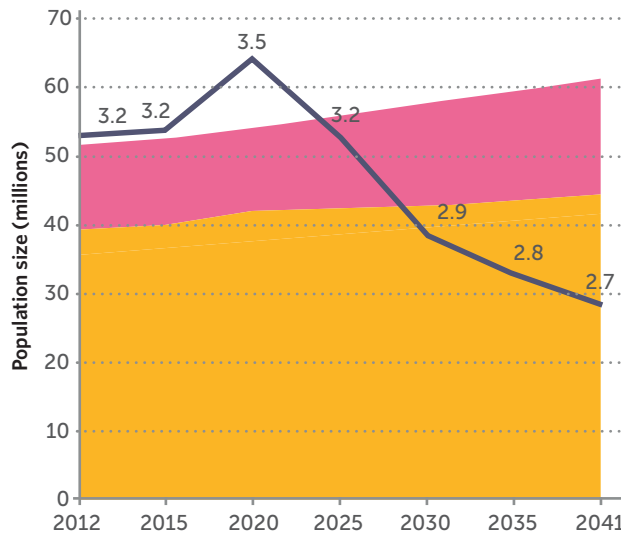
Source: Deloitte (2014) Agiletown: The relentless march of technology and London's response



There will be fewer people of working age per older person



*Working & pensionable age population & old age dependency ratio
(‘working age’ person per ‘pension age’ person)*



● Pension age ● Working age ● Old age dependency ratio

Source: ONS 2014



Government
Office for Science

 Foresight

2.4i



.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....





.....

.....

.....

.....

.....

.....

.....

.....

