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# Achieving fuller working lives: labour market and policy issues in the United Kingdom

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## Information about the Authors

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**David Lain** is a Senior Research Fellow at the University of Brighton. His research has investigated older workers and retirement, with a focus on employment beyond age 65. His book, Reconstructing Retirement (Policy Press), explores prospects for extended working lives in the United Kingdom and the United States. He led the Economic and Social Research Council (ESRC) 'Rethinking Retirement' Seminar Series, and received a Leverhulme Early Career Fellowship in 2011.

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## Abstract

In the United Kingdom there has been a shift away from policies promoting early retirement towards an emphasis on extended, fuller working lives. This article examines the nature of policy change in this area and prospects for individuals remaining in work longer. Pension ages for men and women are rising rapidly and by 2028 are likely to reach 67 years. Cash benefits for those out of work before state pension age are becoming harder to access and incentives for working beyond 65 are being enhanced. In this context, restrictions have been placed on the use of mandatory retirement ages by employers. Employees have also been granted the right to request flexible employment. However, a lack of coordinated policy up until now means that important challenges exist with regard to extending working lives. Ill-health and low levels of qualifications limit the employment prospects of many older people, particularly among those in the poorest segments. Likewise, retention rates of older workers may have improved, but prospects for recruitment in older age remain poor. Policies focusing on the individual have also not yet recognised the extent to which employment in older age is influenced by the household and wider family context.

**Keywords:** extended working lives; retirement; older workers; United Kingdom

## Introduction

In the United Kingdom, policies towards older workers – in common with many OECD countries – have shifted from a focus on encouraging ‘early exit’ from the labour force to one of preventing people ‘leaving work prematurely’, with ‘unplanned exit’ viewed as having potentially ‘catastrophic’ consequences for individuals, business, and society (DWP 2014a: 3). This approach is now accepted across the political spectrum in the United Kingdom (UK). The last 15 years have seen unprecedented policy reform across a number of spheres designed to extend working lives: equalities legislation, welfare and benefits reform, changes to pensions, and initiatives around employment. Until relatively recently these have been largely uncoordinated. Much of the public and policy debate has taken the need for, desirability of, and feasibility of extending working lives for granted. This article will examine the broad demographic and labour market factors shaping the debate about extended working, assess the evolving policy landscape, consider constraints and limitations to later retirement ages, and conclude with a summary of challenges for sociological and social policy research in this area.

## Labour market and demographic context

The social organisation of work and retirement has undergone radical transformation over the past four decades. Over the course of the 1950s and 1960s in the UK, a consensus was reached between government, business and trade unions concerning the value of developing retirement as a distinct stage in the life course. This was underpinned by various types of support created through the welfare state, together with the expansion of occupational (defined benefit) pensions. However, retirement was destabilised during the rapid expansion of early retirement or ‘early exit’ as it came to be termed (Kohli & Rein 1991), caused by the rapid decline in the core manufacturing sector – notably mining, shipbuilding and steel – that occurred during the 1970s and 1980s. Early exit was in fact lower in the UK than in some other European countries where unions and employers were in a better position to use social insurance benefits to shed labour (Ebbinghaus 2006). Nevertheless, the decline in employment was substantial, from around 90 per cent employment for men aged 60–64 in the mid-1960s to 50 per cent in the mid-1980s, with employment remaining at this level until the early 2000s (see Table 1).

**Table 1: Employment rates by age for men and women 1965–2014**

	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2014
Men											
55–59	95.7	92.4	89.7	84.7	74.8	75.0	66.1	70.8	75	76.1	77.9
60–64	89.2	80.5	74.6	60.6	49.7	49.4	45.1	47.4	53.6	54.3	56.4
65–69					12.8	13.4	14.5	14.4	18.5	23.9	24.2
Women											
55–59	44.5	49.6	51.8	51.9	48.6	51.9	53.0	55.8	62.3	65.4	67.4
60–64	25.8	27.9	28.6	22.4	17.6	21.7	24.6	25.4	30.3	33.6	40.1
65–69					6.3	7.4	7.0	8.4	10.6	15.9	17.1

Source: Compiled from Ebbinghaus (2006) and authors’ analysis of <http://stats.oecd.org/#>

By the early 2000s, fears about an excess of older people in relation to younger workers became prominent in policy debates (Willett 2010). Finding solutions to the pressures arising from demographic change became a dominant theme, with extension to working life emerging as the favoured option (OECD 2006). According to the then UK’s Business Champion for Older Workers:

With an ageing population, encouraging and enabling more people to work for longer will boost economic growth, both short-term and longer-term. Demographic changes, coupled with rising longevity and improved health, present major opportunities for employers to harness the benefits of taking on older staff. Indeed, businesses which continue to believe that they can rely solely on a young workforce face serious threats (Altmann 2015: 14).

The demographic rationale behind extending working life was that whilst the UK population was expected to increase from 63.7 million in 2012 to 72.4 million by 2034, the traditional ‘working age’ population

(those aged 15–64) was likely to show only a marginal gain of around 1.5 million (3.5 per cent). In contrast, the population aged 65-plus is set to rise by 6.2 million (57.3 per cent); those aged 50-plus by 6.9 million (30.9 per cent) over the same period. Contrary to more pessimistic views, some critics argue that this development is unlikely to cause the kind of economic pressures highlighted by the OECD (2006) and other organisations (see, for example, Macnicol 2015; Phillipson 2013). Population change is influenced to a considerable degree by the size and characteristics of the cohort born after the Second World War reaching older age, rather than simply by life expectancy increases at 65. Macnicol (2015), for example, argues that it is economically feasible to deal with these shifts between cohorts and avoid making people work longer before they receive a state pension. However, pressure to secure greater participation in the workplace – across all age groups – has become intense at all levels of public policy (Prime/ILC 2015).

In line with pressures to delay retirement, employment for women aged 55–59 rose from 55.8 per cent in 2000 to 67.4 per cent in 2014. Male employment at age 60–64 increased in the same period from 47.4 per cent to 56.4 per cent. Male employment in the 65–69 age group also showed a significant increase: from 14.4 per cent to 24.2 per cent (see Table 1); the latter being almost entirely due to people in jobs lasting at least 10 years continuing in employment past 65 (Lain & Loretto 2014). This is in contrast to the public perception that a major driver in the rise of older people working is due to people returning to work from retirement for financial or other reasons.

The labour market for older workers in the United Kingdom has a number of distinctive features: first, there are strong regional disparities in employment levels. The proportion of 50–64 year olds in employment in 2010 ranged from 70 per cent in the South East of England to 55 per cent in Northern Ireland (DWP 2010: 6). This in part illustrates long-term regional differences in labour-market demand that have persisted in the UK (Beatty & Fothergill 2007). For example, Beatty and Fothergill (2007) estimated that 590,000 jobs were needed overall in 2006 to bring UK employment for those aged 50–64 up to the levels found in the South East of England. Second, older workers are much more likely to be self-employed – 40.8 per cent of all workers aged 65-plus – with older male workers around twice as likely to be self-employed as compared with older women. Third, part-time employment is an important feature of work in later life: 28 per cent of those aged 50–64 work part-time, rising to 66 per cent for those aged 65-plus; this compares with 22 per cent of those aged 25–49 (DWP 2010). It is a commonly expressed assumption that flexible forms of working are crucial to encouraging people to work for longer (OECD 2006: 98–101; Altmann 2015: 25). The reality is likely to be more nuanced (Loretto & Vickerstaff 2015; Earl & Taylor 2015). Survey data indicate a strong preference for working flexibly at the end of working life (Maitland 2010; Smeaton et al. 2009; DWP 2010; 2015). The proportions of employees aged 65–69 working part-time fell between 2001 and 2014, but only from 73 per cent to 66 per cent (Lain & Loretto, forthcoming). At the same time, the evidence suggests that since the economic downturn of 2008 there has been an increase in ‘under-employment’ among older people aged 50+, whereby they work shorter than desired hours (Bell & Rutherford 2013). All this suggests that the older working population is diverse in age, work history, work experience and work aspirations, and that the simple assertion that flexible work patterns are a good thing for older workers is open to question.

Older people who leave employment ahead of State Pension Age (SPA) have a number of distinctive characteristics. In 2013 half of inactive men aged 50 to SPA who had worked in the previous eight years were drawn from just four occupational sectors: Manufacturing, Construction, Transport, and Wholesale/Retail (DWP 2014a: 9), reflecting the size of these sectors as well as the physical nature of many jobs. In these occupational groups the majority of men had left for reasons other than ‘retiring’, ill-health and unemployment being among the most prominent. This is in contrast to Public Administration, Education and Professional, Scientific and Technical activities, where more than half of inactive men defined themselves as having left due to retirement. For women, two-thirds that had worked in the last eight years had previously been in four sectors: Education, Health/Social Care, Wholesale/Retail, or Public Administration. Once again, in each of these sectors, the majority of inactive women said they had left for reasons other than retiring. While this is an imperfect measure of assessing early exit, the relatively small numbers saying they took early retirement suggests that the majority of departure from employment was to some degree forced, especially in the case of women.

As would be expected from the above discussion, economic inactivity rates of those aged 50–64 were higher overall than for 25–49 year olds. Although many older people involuntarily left work, once inactive

they were less likely to attribute their inactivity to unemployment than to other factors. The unemployment rate for 50–64 year olds in 2013 was actually lower than for 25–49 year olds, although those in the older group were more likely to face long-term unemployment than their younger counterparts (DWP 2013). Some individuals arguably represent the ‘hidden unemployed’, in the sense that they have given up looking for employment but ideally would like to work (Macnicol 2015). In 2013 only four per cent of men aged 50–64 were classed as unemployed compared with eight per cent who were retired and 10 per cent who were inactive due to sickness or disability; just below two per cent of men were inactive due to looking after house or family. Women aged 50–64 were also relatively unlikely to define themselves as being unemployed: three per cent were in this category, compared with just under six per cent who were retired, seven per cent who were looking after the family or home, and 10 per cent who were sick or disabled. The major trend for older people between 2003 and 2013 was a decline in the percentages defined as inactive due to ill-health, falling from around 14–16 per cent for men and women to approximately 10 per cent. In previous decades an increasing number of older people with less severe health limitations ended up on incapacity benefits due to a decline in low-skilled work (Faggio & Nickel 2003). We are therefore seeing a partial reversal of this trend towards health-related exit, although the numbers remain significant.

Overall, the increasing numbers of older people in employment appears to reflect an improvement in the retention of older workers rather than their recruitment. As an example, older workers appear to have been less vulnerable to unemployment following the 2007/08 financial crisis in comparison with previous recessions (Beck 2013). Relevant factors include: first, older men in the past were disadvantaged through their concentration in sectors such as manufacturing, subject to decline in periods of economic downturn (Campbell 1999: 39–40; Disney & Hawkes 2003: 53). These are now much smaller in countries such as the UK, and the negative consequences for more recent cohorts of older male workers are likely to have decreased (Disney & Hawkes 2003: 53). Second, more employers appear to have adopted flexible workplace practices rather than resorting to mass redundancies or early retirement. The reasons for this may include concerns about age discrimination legislation and the need to retain skills. Third, with final salary schemes in sharp decline or facing significant deficits, it has become more difficult for employers to provide early retirement packages (Pensions Commission 2004; Phillipson 2013). However, it can be argued that while the retention of older workers appears to have increased, there is less evidence of improved recruitment prospects of older people (see below).

### **The evolving policy context**

From 2000 onwards, the pace of policy change relating to extending working life increased at a substantial rate. New initiatives included: equalities legislation (in response to pressure from the European Commission); the raising of SPA; and more general reforms of the benefit structure. Apart from the general expression of the desirability of encouraging people to delay retirement and extend their working lives, the many initiatives detailed below cannot be said to have been part of a coordinated strategy. In June 2014 the Department for Work and Pensions (DWP) published a policy document *Fuller Working Lives – A Framework for Action* and accompanying background evidence. The document details actions already taken and measures intended to be implemented, including the establishment of a governance structure of relevant ministries and stakeholders to review progress. A Business Champion for Older Workers was also announced, although this post is presently (2016) vacant. These measures suggest an intention to advance in a more coordinated manner the range of policy developments and ideas that have an impact on the older workforce, and also indicate more joined-up thinking about the impacts of an ageing workforce. The main measures adopted so far include:

#### **Age discrimination legislation**

The push for legislation on age discrimination derived from the European Union in response to the European Employment Directive on Equal Treatment (for a discussion of the genesis of this legislation see Sargeant 2006). The Employment Equality (Age) Regulations were enacted in October 2006; this law banned direct and indirect discrimination in employment on the basis of age and outlawed unjustified compulsory retirement ages below the age of 65, effectively making 65 the default retirement age (Parry & Tyson 2009; Sargeant 2010; Lain & Vickerstaff 2015). This meant that individuals up to age 65 had protection for the first time, and they were given the right to request continued employment past age 65. There is evidence that prior to the legislation some employers had been including age in their equality

policies (Duncan & Loretto 2004: 96) and that others included age-based equal opportunity policies in anticipation of the 2006 law (Parry & Tyson 2009). On the basis of survey research, Flynn (2010) concluded that many employers were taking a business advantage approach to age discrimination issues and requests to continue working beyond the age of 65, and that HR policies were being consolidated rather than transformed by the new legislative framework.

After considerable debate as to whether instituting 65 as a default retirement age was in the spirit, or legal in the context of anti-age discrimination measures, the Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011 abolished the default retirement age so that employers can no longer retire people on the basis of age unless they had a legally justifiable reason for doing so. The measure was passed, notwithstanding opposition from employers' organisations, largely to support the extending working lives agenda. The relative newness of these measures means that there is not as yet a body of research assessing their impact. The law leaves open the possibility of employers defending an Employer Justified Retirement Age (EJRA). As Vickers & Manfredi (2013: 62) observe: 'To be justified, under the Equality Act 2010, [mandatory] retirement would need to be a proportionate means of achieving a legitimate aim' – one that would have a social policy objective. The case of *Seldon v. Clarkson Wright and Jakes* tested how the law should be interpreted. Mr Seldon took a claim of direct discrimination against his firm because he was forced to retire due to a mandatory retirement age of 65. The employment tribunal concluded that a mandatory retirement age was a proportionate means of achieving a legitimate aim, namely that it facilitated human resource planning and enabled younger employees to become partners in a reasonable period of time (Vickers & Manfredi 2013: 62; Lain & Vickerstaff 2015). Other employers who have instituted EJRA's include Oxford and Cambridge Universities, which have argued that mandatory retirement ages will enhance workforce diversity. There has not been a rush by employers thus far to introduce EJRA's. A survey of large companies conducted by the Confederation of British Industry (CBI) found that only five per cent of the 300 firms surveyed had maintained a mandatory retirement age (CBI 2013). A third of employers surveyed said that they would ideally like to have a mandatory retirement age, but saw this as too risky given legal uncertainty. Mandatory retirement therefore appears mostly to have vanished, but it is not inconceivable that it will return, particularly if court cases rule in favour of existing EJRA's.

### **State pension age**

As with many other countries, the UK has seen the possibility of raising the age at which people can receive a state pension as a relatively simple, but significant cost saving measure. In the UK changes have occurred in two main waves. The first, dating back to the Pensions Act 1995, looked forward to raising women's SPA to match that of men, with changes being phased in between 2010 and 2020. This timetable was accelerated by the Pensions Act 2011, which brought the harmonisation of women's pension age with men's forward to 2018 and introduced an increase in SPA for both genders to the age of 66 years from December 2018, phased in until October 2020. An additional Pensions Act in 2014 introduced a further rise to 67 by 2028 and instituted a regular review, every five years, of the ongoing implications of increases in average longevity (Lain & Vickerstaff 2015). The UK is unusual by international standards in significantly raising state pension ages without enabling people to take a reduced pension if leaving ahead of SPA (Lain, forthcoming). Public attitudes appear to be against projected state pension age rises, with 77 per cent of UK citizens regarding them as 'unfair' (Macnicol 2015: 203). Despite this, a review of State Pension Ages has been launched in March 2016, which will examine the case for further increases in state pension ages from 2028 onwards (Mason & Asthana 2016).

Research has suggested that in the earlier stages of reform many women remained unaware of the changes (Crawford & Tetlow 2010: 52–57) and therefore it seemed unlikely that it would quickly alter behaviour. One implication of the harmonisation of women and men's SPAs was that it affected men's access to Pension Credit, a benefit top-up for poor pensioners, which men had been able to access at the age of 60. There were concerns that access to pension credit at 60 was providing a disincentive to find work for unemployed men of that age, and some evidence that government job centres were advising older men to take the credit rather than continue to search for work (Vickerstaff et al. 2008). At the same time, however, Pension Credits arguably provided a soft landing for those exiting from work in their early 60s with limited prospects of securing new employment (Lain, forthcoming).

It is likely that the increase in the SPA will have the greatest effect on middle- to lower-income groups (Weyman et al. 2012). The poorest sections of the population are the least likely to be in employment up to SPA, having the lowest levels of education and the most compromised health (Crawford & Tetlow 2010); these individuals will therefore have to wait longer to transfer from other existing benefits to the state pension.

For high income groups the state pension is a relatively marginal factor in their financial planning. It is those in the middle who are most likely to see the increase of the SPA as a signal to work a slightly longer if they are able to do so. Another possible impact of raising the SPA is to change social norms regarding appropriate retirement timing, although research suggests that family, friends and work mates are more significant influences in providing the frame of reference about the desirability or otherwise of extending working life (Vickerstaff et al. 2008; Nilsson, Hydbom & Rylander 2011).

### **Benefit changes**

In addition to the increase of SPA and its attendant consequences for Pension Credit, there have been other policy changes designed to reduce the incentives in the benefit and pension regimes to retire early or take ill-health or disability pathways out of the labour market. The Welfare Reform Act 2007 signalled the move from Incapacity Benefit (IB) to Employment Support Allowance (ESA), with a focus on capacity and fitness to work. IB had provided a soft landing, especially for male manual workers who had been made redundant from declining industries and found it difficult to find work (Beatty & Fothergill 2007). Towards the end of IB the numbers of women moving onto the benefit had increased and mental health issues were becoming a significant cause of incapacity to work. Evidence on the change from IB to ESA suggests that ESA is more difficult to obtain (Beatty & Fothergill 2012).

The creation of a new Health and Work Service in late 2014, to which General Practitioners can refer their patients for occupational health support, reflects concern over ill-health as a cause of withdrawal from work. This service is set to link into other health initiatives such as Access to Psychological Therapies and Public Health England strategies, which are examining local level initiatives for supporting those over 50 (DWP 2014a). The extent to which such initiatives will encourage employers to respond more effectively to the health issues of their ageing workforces are as yet largely untested. These developments are very new and there is no research to date about their potential impact.

### **Pension changes**

Reforms to the state pension have been another feature of attempts to encourage people to remain at work. For example, in 1989 state pension earnings limits were removed, which means workers can take their pension in full while remaining in work. Although there are financial incentives to delay receipt, the majority of people working past 65 take their pension while working (Lain & Vickerstaff 2014). Furthermore, in 2006 the UK changed occupational pension rules, making it easier for people to take a pension and continue working for an employer. It is therefore less inevitable that receipt of a pension results in employment exit.

Inadequate savings for retirement may be an important factor resulting in future cohorts working later in life. The UK Government has become increasingly exercised by what it perceives as a widespread lack of adequate saving for retirement, with estimates that up to 12 million people below SPA are facing insufficient retirement income (DWP 2014b). The proportion of employees who were members of a pension scheme declined through the 1990s and 2000s – from 55.2 per cent in 1997 to 49.8 per cent in 2013 (Raconteur 2014). Government sources of income remain crucial to maintaining living standards post-retirement: in 2012/13 state benefits accounted for 44 per cent of pensioners' incomes, occupational pensions made up 27 per cent, earnings 17 per cent, investment income seven per cent, and personal pensions four per cent (DWP 2014c). Cash benefits/state pensions represented more than half of the incomes of retired households in the bottom three quartiles in 2012, and 79 per cent in the case of the poorest segment (Macnicol 2015: 6); low retirement incomes were also a particular problem for single women (Lain, forthcoming). Concerns about pension under-provision led to new legislation being implemented in 2012 for auto-enrolment into pension schemes. Initially focused on the UK's largest employers, any worker over the age of 22 and earning over £10,000 annually is automatically signed up to begin saving for retirement, although retaining the right to opt out. Auto-enrolment is now being extended to small and medium-sized enterprises (SMEs), with a deadline for compliance amongst this group by the

end of 2017. Despite these reforms, limited pensions will remain a feature for many groups – reflecting insecurities in the labour market, low wages, and poor market performance of defined contribution-type schemes.

### **Flexible employment**

There is considerable evidence that older workers value opportunities to work flexibly towards the end of their working lives, and the idea of gradual or phased retirement remains popular; however, apart from part-time work there is not much evidence of the availability of such flexibilities (Loretto & Vickerstaff 2015; Alden 2012; Altmann 2015: 25). Public policy in this field has increasingly recognised that access to flexible work is not only an issue for parents of school-age children, but also for those who care for partners or older relatives. The right to request flexible working has been extended from parents to carers, and from June 2014 to all employees with at least 26 weeks of service. The evidence to date is that women are more likely to request a change than men and are more likely to have the request accepted (Smeaton, Ray & Knight 2014). Enthusiasm for flexible work options as a solution for extending working lives should be tempered, however, by the reality that much flexibility is employer-driven – that is, zero hours contracts and shift systems – and may simply entrench or worsen poor employment conditions for older workers already disadvantaged by existing labour market circumstances (Earl & Taylor 2015; Loretto & Vickerstaff 2015).

### **Constraints and limitations of policies to extend working life**

When considering the opportunities for older worker employment it is important to distinguish between recruitment on the one side and retention on the other. As noted above, there has been an increase in people working past age 65, but this relates to people being retained in their jobs rather than recruited to new ones. Age discrimination legislation appears to have contributed to this, with relatively few employers seemingly retaining a mandatory retirement age. However, while opportunities to remain in work have improved, there is considerable evidence of continued age discrimination in hiring practices. This is consistent with evidence from the United States, which shows that age discrimination legislation appears to have had more impact on employee retention than recruitment (Neumark 2009). Kidd and colleagues' (2012: 533) analysis of the Workplace Employee Relations Survey (WERS) 2004 leads them to conclude: 'it appears that the propensity to employ older workers but not hire them has not changed since 1998 despite the fact that the labour market has tightened and there is a greater public awareness of age discrimination' (Kidd et al. 2012: 533). Analysis of surveys conducted in Denmark, France, Germany, Italy, the Netherlands, Poland, Sweden, and the UK in 2009 suggests that employers retain rather than hire older workers (Conen et al. 2012). Loretto and White's (2006) interviews with Scottish employers found that despite having some positive attitudes towards older workers in terms of their reliability and work effort, their preferred recruits were younger. Qualitative research with 56 older people in the North of England has also identified higher levels of perceived age discrimination by employers, and devaluing of experience (Porcellato et al. 2010; Carmichael et al. 2011). Corroborating evidence of this is found in a survey of jobseekers aged 50-plus conducted by The Age and Employment Network (TAEN 2013). Given low levels of recruitment of older people, it is perhaps unsurprising that we see only a small proportion of individuals returning to work after retirement, so-called 'unretirement' (Kanabar 2012).

The jobs that are available to older people also appear to be less desirable. Analyses of the 1998 WERS found evidence that firms that do not provide deferred compensation arrangements – for example, through pensions – and do not provide training are more likely to recruit older people (Daniel & Heyward 2007). Kidd and colleagues' (2012) analysis of WERS 2004 confirmed these findings (Kidd et al. 2012). Likewise, Lain (2012) found that in the early 2000s employees working at age 65–69 who had been recruited in recent years were disproportionately in 'Lopaq' occupations: typically low paid, part-time and requiring few qualifications. These jobs, which are also likely to provide fewer prospects for progression, were regarded as less attractive for the 'prime working age' population. Canduela and colleagues (2012) correspondingly find that men over 50 were significantly less likely to be in jobs in which training was offered. This suggests that significant increases in the numbers of older workers in employment are more likely to result from people staying on in their jobs rather than through recruitment to new jobs. Similarly, more recent analysis of the Labour Force Survey also shows that an increase in self-employed individuals aged 65–69 is due to the long-term self-employed remaining in their jobs longer (Lain & Loretto 2014).



The employment position of older workers in the UK is clearly better than in some other OECD countries, and there is modest evidence for a trend towards people working later, especially the increase in those aged over 65 who are in paid employment. However, despite a rise in average ages of retirement, over half of women and men have ceased working before they reach SPA (DWP 2014a: 5). The task of raising employment among older people is therefore huge. Macnicol (2015: 204–205) notes that increasing employment among the 50–69 age group to the ‘working age’ level of 73 per cent would require 2,423,000 older people finding work. It is therefore partly an issue of job demand – increasing employment significantly would require a large number of jobs to be created. Policies to reverse this trend substantially have operated to date largely on an individualised basis, increasing financial incentives to continue working, and granting employment rights such as through abolition of the default retirement age (Lain & Vickerstaff 2015). However, as already noted, ill-health remains a significant barrier to employment. Amongst people aged 50–SPA almost one-half have a long-term health condition and around a quarter of people aged 50–69 in 2008/09 had some kind of work disability, defined as a health problem limiting the kind or amount of paid work they could undertake (DWP 2014a: 10; Crawford & Tetlow 2010: 32). Only around a quarter of those with a work disability were actually employed, and being in the poorest wealth quintiles reduced the likelihood of working with a work disability (Crawford & Tetlow 2010). Mental health problems are another factor associated with detachment from the labour market, with an employment rate for those aged 50–SPA of just over 40 per cent for those with long-term depression; and below 20 per cent for those diagnosed with a long-term mental health condition (DWP 2014b: 32).

Work itself may play a role in exacerbating health conditions: one survey of employees found 36 per cent of people with depression, bad nerves or anxiety believed their condition was caused by work; 55 per cent were of the opinion that work made their symptoms worse. Thirty-five per cent of people with disabilities or problems associated with their back or neck believed they were caused by work; 57 per cent felt that work made their symptoms worse (cited in DWP 2014b: 32)

In addition to health factors, having low qualification levels significantly reduces the likelihood of working (Lain and Vickerstaff 2015). This is a particular problem because older people are competing in the labour market against younger people with more qualifications. The influence of education on employment also has long-range consequences: Blekesaune and colleagues’ (2008) analysis of the British Household Panel Survey (BHPS) found that men with low qualifications were more likely to have unstable careers and this reduced the likelihood of working at ages 50 and 64. Educational levels of older cohorts have been rising in recent decades, but there remain relatively high rates of older people with below secondary level education (Felstead 2010). For example, in 2010, 45 per cent of people aged 55–64 had below secondary education, compared with only 17 per cent of those aged 25–34 (OECD 2012: 35). Beyond ensuring they have adequate incomes, it is difficult to envisage how policy can address the potentially poor employment prospects of those exited from work in older age with few qualifications, as labour market demand for them is lacking.

Problems in accessing training may be an important factor limiting the quantity and quality of training available to older workers. Surveys in the early 2000s (Lissenburgh & Smeaton 2003; Humphrey et al. 2003) highlighted inequalities between full- and part-time workers in respect of access to training. Later evidence on education and training provided by the National Adult Learner Survey (BIS 2012) suggests that the situation facing older workers may have worsened over the opening decade of the 2000s (see also Hyde & Phillipson 2015). Reduced training from the employers’ side will have been matched by few opportunities deriving from community and further education colleges, given their focus on preparing young people for entry into the labour market.

Attempts by policy to encourage employment through financial incentives are also likely to confront some barriers. As we might expect from the above discussion regarding health and education, the evidence reviewed in Lain and Vickerstaff (2015) indicates that the poorest groups are least likely to be in employment in older age. Poor levels of education and health, combined with the nature of work available for these people, is likely to make it difficult for these individuals to respond to financial incentives to work. Those in the most advantageous financial positions appear to be most likely to retire early, for example with a final salary pension, or to continue working past state pension age (see Lain & Vickerstaff 2015 for a discussion). For certain groups financial needs do appear to increase the likelihood of working, for example in the case of those with outstanding mortgages, or female divorcees (Smeaton & McKay

2003). Furthermore, it has been suggested that middle wealth people – who often leave work at around state pension age – might be most responsive to financial incentives to continue working in future (Weyman et al. 2012). However, an additional challenge highlighted by Weyman and colleagues (2012) is the fact that people often do not understand pensions, which makes it potentially harder for them to respond to financial incentives to continue working.

On a final point, a policy focus on increasing individual financial incentives and employment rights ignores the fact that employment in older age is likely to remain gendered and strongly influenced by the household. Part-time work among women in the UK is relatively common, meaning that with a weaker attachment to the labour market their employment is likely to be more influenced by their partner and his finances to an important degree (Lain & Vickerstaff 2015). On the other hand, research suggests that having an inactive partner reduces the likelihood of working for both men and women (Banks & Tetlow 2008: 37). This may be due to the desire to coordinate retirement timing and activities; alternatively, it may be to care for a partner who is ill. If a partner has a limiting long-standing illness it reduces the likelihood of working past state pension age (Crawford & Tetlow 2010: 23). Added to this, care commitments outside the home, for aged parents or grandchildren, are likely to be important factors influencing continued employment (Lain & Vickerstaff 2015).

## **Conclusion**

Changing patterns of work and retirement raise major questions for social and public policy in the twenty-first century. A significant issue concerns how to handle the legacy of the twentieth century – namely the institutionalisation of retirement as a major part of the life course. The acceptance of early retirement in the 1970s and 1980s accelerated the growth of post-work lifestyles, consolidated by the cohort of ‘first wave’ baby boomers – those born in the late-1940s and early 1950s. Both aspects are now in collision with the drive to delay retirement and set in place later retirement ages. Such policies must themselves be considered as conditional upon significant improvements to the quality of work, early intervention to support people with long-term health conditions, and a radical overhaul of the system of lifelong education and training. The danger is that without these supports people will find themselves caught between insecure work on the one side and an increasingly insecure retirement on the other (Phillipson 2013). Addressing such concerns will require both more effective coordination between the various levels of public policy and more extensive action on the part of employers to retain and recruit older workers. To date, the emphasis has been on supply-side measures such as raising SPA, allowing the drawing of pensions whilst still working, and anti-discrimination legislation. But interventions on the demand-side are also needed, especially those that place responsibility on employers to improve conditions in the workplace, develop new forms of training targeted at older workers, provide more effective support for people with long-term health conditions, and which recognise the pressures on people in their 50s and 60s when caring for partners and parents.

In addition to the above policy questions, important issues for research on older workers are raised by the drive to extend working life. These include: the extent to which an extended working life will reproduce, modify or accentuate inequalities accumulated through the life course; the range of transitions through middle and later life likely to emerge with new and more diverse cohorts of older people; and the theories needing to be developed to explain changing attitudes and aspirations about retirement. In the present drive to raise SPA and keep people working for as long as possible, issues relating to whether work environments can support older workers are being neglected. Moreover, variations amongst older workers – based on gender, ethnicity, and social class – need much closer consideration in terms of understanding the ability to keep on working. For these reasons alone, developing new approaches to understanding the prospects for extending working life will be a vital challenge in the years ahead.

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