   

Fuller Working Lives

– A Framework for Action

June 2014

Department for Work & Pensions

Contents

This document outlines the business case for fuller working lives. Further facts, figures and research are in the accompanying publication: "**Fuller Working Lives – Background Evidence**", which includes full details of methodology, data sources and citations.

Some of the policies referred to in this document are applicable across the whole of the UK and many to England only. The devolved administrations have their own policies with regard to devolved matters.

Ministerial Foreword

We live in changing times; we're living longer and can expect many more years of healthy life. But despite this, too many people are leaving work prematurely. Unplanned exit from the labour market can have catastrophic consequences for individuals' living standards into old age, and comes at great cost to the economy, business and society as a whole.

So we want to take action to prevent this. We have already been working to reform legislation. Just three years ago it was perfectly legal in this country to sack someone for turning 65, no matter how good they were at their job, or how long they wanted to continue. The removal of the default retirement age now means most people have that choice. Automatic enrolment in a workplace pension will continue to help more workers to save for their retirement. This and the introduction of a new State Pension from 2016 will ensure people approach retirement with more confidence and certainty.

These measures help everyone to take responsibility for their retirement income, to move away from the idea of a cliff-edge retirement that is inevitable at a given age, and ensure they plan for a retirement that is based on personal circumstance and choice.

For some, retirement is something to look forward to, something they've worked hard to achieve, a time to spend more time doing more of the things they love: taking up new hobbies, volunteering in the community or simply taking it easy. For others, without adequate financial planning, it can become a time of boredom, loneliness and poverty.

We need to act now and focus in the first instance on preventing individuals' catastrophic withdrawal from the labour market, and where we cannot, support older workers to re-enter the world of employment. We owe it to those people who might otherwise be left behind. People like the person in their 50s who wants to work, but cannot because they have caring responsibilities, or the worker who can no longer do their strenuous manual job because they have a bad back.

It's time to change the conversation about extending working life from one about working "until you drop", to one about a fuller working life, that means working as long as is necessary to create the future you want. The business case is compelling, and this document sets it out clearly for individuals, employers and the State. It also provides a framework within which all the key players can bring about the changes we need to ensure adequate income in retirement, better wellbeing in later life, a more productive labour market, and increased economic activity.

Steve Webb Minister of State for Pensions

Esther McVey Minister of State for Employment

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The case for fuller working lives

People leaving work before State Pension age is a significant problem:

- **Out of 10.2 million people aged 50-State Pension age, 2.9 million (28 per cent) are out of work**
- **Over half of men and women have already stopped working by the year before they reach State Pension age[1]**

Life expectancy is increasing and the structure of our society is changing. By 2030, the number of people in England aged over 65 will go up by 50 per cent, and the number of people aged 85 and over will double. One in three of the children born today will live to be 100[2].

This is both a huge opportunity and a huge challenge for Government and will impact on every aspect of society. To ensure we are ready for the challenges an ageing society will bring, we are taking action on employment, welfare, pensions, health and social care. We want to keep people well and living independently for as long as possible and working longer is one way for people to ensure they have a healthier future with adequate income in retirement.

One of the first actions this Government took was to ensure employers can no longer force employees to retire just because they reach the arbitrary age of 65. The removal of the default retirement age means the vast majority of people now have a choice about when to retire. This brings the UK in line with many other countries, encouraging responsible retirement planning and enabling people to work as long as they want to.

There are more over 50s in employment than ever before. Latest labour market data shows 4,860,000 men and 4,140,000 women over 50 are now in work[3], increases of 465,000 and 469,000 respectively over the last four years. However, people leaving work before State Pension age is still a significant problem.

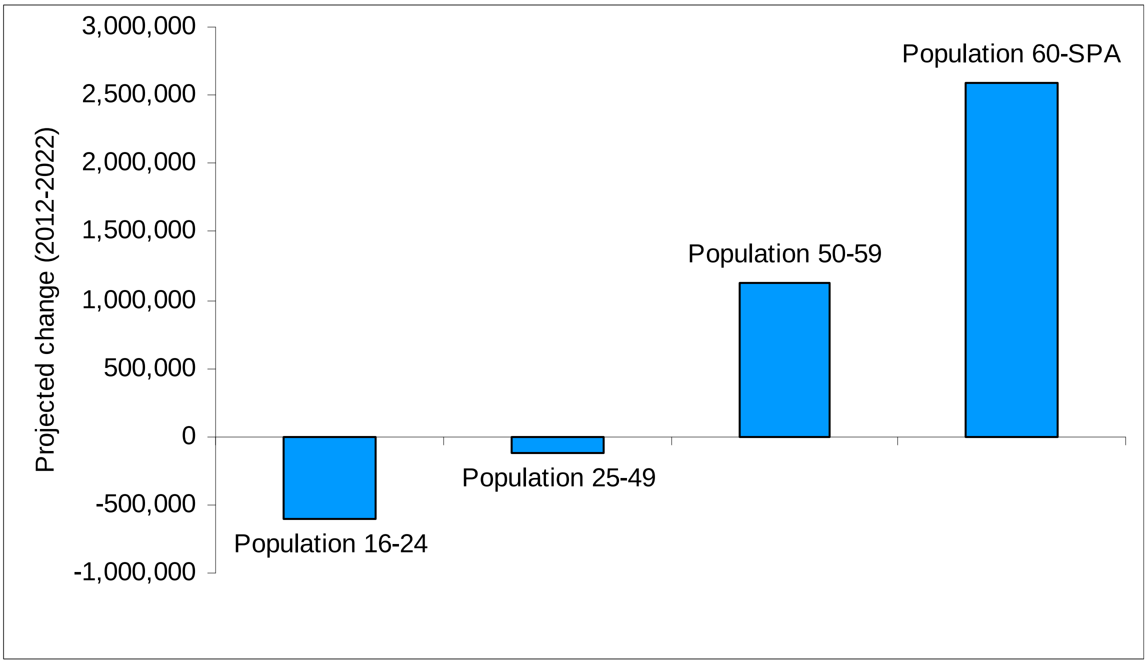
On average, men leave the labour market earlier now than they did in the 1950s and 1960s[4], and often this is not a planned early retirement, but people forced out of work by circumstances beyond their control. Of the 2.9 million people aged 50-State Pension age who are out of work, only 0.7 million see themselves as “retired”, yet 1.7 million think it is unlikely that they will ever work again; and more than half of men and women have already stopped working before they reach State Pension age. Many of these are sick or disabled, caring for loved ones, or have given up looking for work after losing a job[5]. This **early exit from the labour market can have serious implications** for the health, wellbeing and incomes of individuals and comes at a significant cost to the economy, business and society as a whole.

Demographic change and increasing life expectancy is making this problem more acute, and people will need to work longer to fund their retirement. **The average time**

a man spends in retirement is still increasing, from 20 to 22 years since the late 1990s, and for women from 25 to 26 years[6].

The chart below demonstrates vividly that there is a rapidly growing number and proportion of older people coming into the labour market in the coming decade: Office for National Statistics projections suggest there will be 700,000 *fewer* people aged16-49, but 3.7 million *more* people aged 50-State Pension age driven by increases to the State Pension age and demographic change.

Projected changes to population (2012-2022)



Source: ONS principal population projections for the UK (2012 - based)

Currently the UK employment rate for 55-64 year-olds is around 60 per cent and, whilst this has been increasing for the past 10-15 years, the recent improvement has been relatively modest compared to many other nations. Several countries achieve employment rates of around 70 per cent or above[7], so there is significant room for improvement.

Early labour market exit can be catastrophic for individuals

Leaving work before State Pension age makes it much more difficult to maintain living standards into retirement. A third of people who stopped work aged 50 to State Pension age between 2008 and 2010 saw their overall household income immediately drop by more than half[8]. There is also a loss of potential workplace pension income, because those leaving the labour market early stop paying in, and their former employer stops contributing too.

So, in addition to the immediate financial impact, people spending less time in work in their 50s are at higher risk of low income later in retirement[9], and those leaving work involuntarily are also more likely to be on low incomes or rely on means-tested benefits as pensioners[10].

We estimate that there are currently around **12 million adults below State Pension age heading towards an inadequate retirement income**[11], and around 40 per cent of these are expected to spend less than 35 years in work. Retiring before State Pension age can substantially reduce private pension savings, spreading a smaller pension pot over a longer retirement, and could mean receiving less than the full State Pension amount[12]. Spending longer in work is key to providing adequate living standards in retirement.

Case study: How early retirement can reduce private pension wealth

David earns £28,900 a year[13] and saves into a defined contribution private pension at a combined contribution rate of 8 per cent. Working from age 25 until his State Pension age of 65 he could expect to accumulate a private pension pot of £128,000 (in current prices terms). If he stops working at age 55, **his private pension pot would be over a third smaller** – approximately £81,000 – as he stops contributing, and taking his pension early means the fund has less time to grow. His wealth would also be **spread over a longer retirement**: an expected 32 years when retiring at age 55 compared to an expected 22 years when retiring at State Pension age[14].

(This case study is for illustrative purposes only)

Furthermore, there is evidence that **work is generally good for physical and mental health and well-being**. Research suggests that unplanned early labour market exit can be harmful to overall well-being, particularly where there is less social interaction in retirement[15].

Early labour market exit damages public finances and the wider economy

There is a widespread belief that increasing the employment of older people would limit opportunities for younger people, but there is a broad span of evidence to suggest that this is not the case[16]. In fact, the evidence from a number of countries suggests the contrary, that **increasing employment rates amongst older workers does not lead to fewer jobs for younger workers**, and increases the total size of the workforce.

Government spends around £7 billion on out-of-work benefits for claimants aged 50-State Pension age and more than 80 per cent of this is on incapacity-related benefits (£6 billion)[17]. In 2011 the National Institute of Economic and Social Research (NIESR)[18] showed that **increased employment of older workers would increase tax revenues and overall economic output**. Our updated analysis suggests that halving the employment gap between older people aged 50-State Pension age and those in their 40s could have seen income tax and National Insurance receipts one per cent (just under £3 billion) higher and nominal Gross Domestic Product (GDP) up to one per cent (£18 billion) higher in 2013[19].

Early labour market exit can be damaging for business

Evidence suggests that employers who fail to retain their older workers are losing important skills from their workforce, and the premature loss of older workers can lead to loss of output and higher recruitment costs for employers. Despite some outdated stereotypes **there is no systematic evidence that older workers are less productive** than younger workers[20].

Looking to the future, **keeping more older people in work will be crucial to meet future labour demand**. In the 10 years from 2012 to 2022, employers expect a significant number of new jobs to be created in the UK economy[21], and the combination of more older people and more new jobs means that the labour market and our attitudes towards older workers must evolve to meet the challenge.

"Changing demographics in the workplace mean that later life workers are now the fastest growing age group in the labour market. Yet despite the growing numbers of mature workers, their contribution to business and the wider economy often goes unsung. It might surprise people to learn that at McDonald's we employ over 1,000 people aged 60 and above. These employees play an important role in our business and, as the research shows, they make a huge impact on customer satisfaction."

David Fairhurst Chief People Officer, McDonald's Europe

"They're like gold-dust. Their experience and flexibility would be hard and costly to replace. At the same time we do also have a 16 year old apprentice mechanic who is shaping up well and is very keen. Life is full of conundrums, but the bottom line is that I manage my human resources for the best return. It's better for my business to keep our older workers, many working flexibly, than to recruit replacements. It's all about long-term survival, even more so in the current climate."

AT Brown Coaches Director Ewen MacLeod on older workers

What we know about early labour market exits

If someone has planned adequately and is financially secure, no-one should begrudge them an early retirement. The Government needs to focus on the major causes of unplanned early labour market exit that can be so damaging to finances, wellbeing and health.

The interplay of factors that lead people to feeling forced to stop work vary from person to person. However, we know the major factors that influence decisions to leave work are[22]:

- Health conditions
- Disability
- Caring responsibilities
- Redundancy
- Workplace factors
- Financial security

We also know that many factors can be specific to certain occupations or industries, and some industries feature more prominently than others given high concentrations of older workers in particular sectors. For example, half of economically inactive older men previously worked in one of just four sectors: manufacturing, construction, transport, and wholesale/retail. And two thirds of economically inactive older women previously worked in education, health/social care, wholesale/retail, and public administration[23]. Older people from protected groups[24]can also be at risk of poor labour market outcomes, and it is important that no-one is left behind.

Health conditions and disability

“Let's make the workplace fit for humanity as it is, not some perfect view of humanity”

Liz Sayce, CEO Disability Rights UK

Almost half of people aged 50-State Pension age have a long-term health condition, a quarter have more than one long-term condition and a quarter are disabled. Many people who develop a health condition can manage their condition and need no additional support, but there are currently over 1 million people aged 50 -State Pension age who are not working because of sickness or disability[25], and over a million over 50s claiming Incapacity Benefit or Employment and Support Allowance (45 per cent of the total), whereas over 50s make up only 27 per cent of the adult population below State Pension age[26].

While **there is no single thing that can help older people who develop health conditions or impairments stay in work**, evidence points to the need to focus on awareness of disability, the prevention of work-related conditions and a focus on a healthy workplace, effective management of sickness absence, availability of flexible working options, effective line-management and matching responsibilities to capabilities.

The feedback we received from stakeholder engagement events suggested a need to prioritise actions, focus on early intervention and the creation of a healthy workplace environment. Stakeholders felt that investment in health and wellbeing programmes can have long-term benefits for business and employees.

What Government is already doing

Government is already working in partnership with a range of stakeholders on the following areas:

- Changing attitudes to disability and long-term health conditions. The **Disability Confident** campaign aims to help employers who are unsure about the benefits of employing disabled people, or who worry about the logistics, discover for themselves the talents and value that disabled people bring to business[27].

- The **Disability and Health Employment Strategy** published in December 2013 looks at how Government can best support disabled people and people with health conditions in the labour market and how partnership working with employers and other stakeholders can make a difference.

- We have introduced the **Personal Independence Payment** (PIP), which is available to those both in and out of work, to support disabled people who face the greatest barriers in society.

Actions Government will be taking forward

- **A new Health and Work Service:** A lack of occupational health support for employers, particularly small and medium enterprises (SMEs), means many employees do not get the support they need to stay in and return to work[28], so in late 2014 the Government will introduce the Health and Work Service. Once an employee has reached four weeks of sickness absence they will be referred to the service by their GP for an assessment by an occupational health professional, who will look at all the issues preventing the employee from returning to work. Employers, employees and GPs will also be able to access independent and objective advice via a phone line and website on issues preventing a sustained return to work, and on how to prevent sickness absence from occurring.

- **Learning what works to support older people with health conditions back to work:** We are currently running **Randomised Control Trials** for Employment and Support Allowance claimants with long-term health conditions, comparing the effectiveness between three methods of support for two years either from a Work Programme provider, a health care professional or an increase in Jobcentre Plus Work Coach support. Around 2,000 to 4,000 people are expected to participate and nearly half are expected to be older claimants. This is a major opportunity to learn more about what works for this group.

- Many disabled people rely on assisted living technologies (ALT) to give them greater control over their everyday lives, and ALT in turn has the potential to help carers feel more confident about combining employment and their support role. But research shows that many of these technologies are not being adopted and used to their full potential. The current assisted technology market is failing to match growing and projected demand which is expected to grow rapidly over the coming years owing to demographics and the pressures on state health and social care budgets. We are therefore looking at the **potential for inventors and small and medium enterprises to work with disabled people to improve existing assisted living products, or develop new ideas.**
- **The Psychological Wellbeing and Work Project** will run pilots to:
  - Examine whether offering Improving Access to Psychological Therapies (IAPT) treatment and employment support can offer better outcomes for claimants with common mental health conditions.
  - Test telephone-based psychological wellbeing and employment-related support from specialist providers for some benefit claimants, with the aim of understanding whether employment-focused talking therapies can improve claimants' chances of gaining sustainable employment.
  - Test early access to online mental health assessments and computerised Cognitive Behavioural Therapy to see if this improves employment and health outcomes for those with, or at risk of developing, common mental health problems

- **New guidance toolkit for employers**: The Government will build on the existing Age Positive employer guidance to develop additional accredited guidance and toolkits where gaps have been identified, to help employers support older workers in the workplace. We will do this in partnership with the Confederation of British Industry (CBI), Chartered Institute of Personnel and Development (CIPD), Employers Network for Equality and Inclusion (ENEI), Advisory Conciliation and Arbitration Service (ACAS), Trades Union Congress (TUC), Institute of Directors (IoD), Federation of Small Businesses (FSB) and others. We will take in to account relevant research and advice, for example guidance being written by the National Institute for Health and Care Excellence (NICE) on workplace policy and management practices. Information will focus on the business benefits of employing older workers, and on **what works in terms of healthy workplaces in different sectors and occupations.**

- Public Health England (PHE) in partnership with Greater Manchester Public Health Network is developing **a new national strategy** for publication in 2015. It will look at ways for the healthcare **profession to support older people to remain active in work, self-employment and participation in civic society**, by seeking to reduce the number of people who feel unable or unsupported to work because of ill health or declining health. As well as considering how best to maximise the number of healthy years an individual has after retirement. It will also focus on actions and develop and test recommendations with local people and service providers to reduce the numbers of people who leave work because of health issues after the age of 50 years. They are also considering additional measures to reflect these priorities in the PHE outcomes framework

Discovering their line managers were reluctant to agree to changes to working practices because they didn't know what was "reasonable", and were worried about setting precedents and getting into trouble with their managers, Lloyds decided to produce guidance not just covering physical adjustment such as equipment, but also non-physical adjustment which covers for example the way someone performs a job - hours worked, working pattern and training.

They discovered that the vast majority of adjustments required were of the non-physical type - over 76 per cent.

As a result Lloyds now ensure all their line managers are fully trained in all aspects of adjustment. They believe this ensures all colleagues work effectively so they can contribute towards the long-term success of their teams and business.

Lloyds Banking Group

Carers

A quarter of women and a sixth of men aged 50-64 have informal caring responsibilities for a sick, disabled or elderly person[29]. People in late middle-age are often caught between the different generations of family members requiring care: parents and in-laws, spouses or partners, children or grandchildren.

People with multi-generational caring responsibilities are often referred to as "sandwich carers". While the number is relatively small, there is an increasing incidence of people having dual caring responsibilities for both older and younger people[30] and difficulties managing these responsibilities alongside work can lead to premature labour market exit.

Many people with caring responsibilities can and do balance work and care, but the more intense the caring, the more difficult this becomes. 12 per cent of economically inactive people aged 50-State Pension age are caring for a sick, disabled or elderly person for 20 or more hours per week, compared to only 3 per cent of workers[31], and recent estimates conducted for the Carers in Employment Task and Finish Group suggest that **315,000 adults below State Pension age are out of work, having left work to care for someone**[32]. Our ageing population means that demand for informal carers is likely to increase in future so this is an issue we cannot ignore.

A range of actions can help more carers stay in employment, for example, ensuring that care and support services meet the needs of carers, ensuring that carers who do stay in work benefit financially, and that employers value carers and recognise their need for flexibility. Innovation in areas such as assistive technology can also play an important role.

What Government is already doing

We understand and value the work of carers in society. There is no doubt that we could not manage without the dedication and hard work they undertake. In recognition of this, the **Care Act**[33] builds the system around people's wellbeing, needs and goals. It sets out **new rights for carers**; emphasises the need to **prevent and reduce care and support needs**, and introduces a **national eligibility threshold for care and support**. Reliability and quality of care is crucial to prevent premature labour market exit. Without trust in the care offered to their loved ones, people feel obliged to leave paid employment and do it themselves. For the first time, there will be a duty on local authorities to meet the eligible needs of carers, including their wishes to stay in employment, as well as a duty to develop the diversity of the care and support market.

'Recognised, valued and supported: next steps for the Carers Strategy'[34] published in 2010 sets out the Government's priorities for carers and identifies the actions being taken to ensure the best possible outcomes for carers and those they support, including enabling those with caring responsibilities to fulfil their educational and employment potential. **The Action Plan for the National Carers Strategy** is currently being updated and will be published soon. It will set out the Government's commitments to carers over the next few years.

Actions Government will be taking forward

- We want to find out more about how adult carers can be supported to remain in paid employment so, working with the Social Care Institute for Excellence, the Government will commission a **two-year project** to develop five pilots. The pilots will investigate the take up and use of **an assistive technology fund to support carers who are in employment**, and will support and encourage people to set up companies that exist 'on the boundary' of homecare and auxiliary services. The approach would **support the development of a care market for self- funders** who will require support services outside the remit of traditional care services.

- Gloucestershire and West of England Jobcentre Plus District is also commencing work to **identify and understand the particular barriers to employment for carers in Bristol and South Gloucestershire**, with the aim of **designing specific interventions to support carers into work**

- Rolling out **Universal Credit** with its improved support for carers (see section on Financial security and incentives).

Back to work support

Redundancy can often lead to early labour market exit. **Around a quarter of economically inactive people aged 50 and over were made redundant from their last job[35].** Older people are not significantly more likely than younger people to be made redundant, but they are much less likely to find work again afterwards. Our analysis shows that 47 per cent of unemployed older people had been out of work for a year or more compared to 40 per cent of 25-49 year olds, and only 33 per cent of unemployed 18-24 year olds. And 27 per cent of unemployed people aged 50 to State Pension age end up economically inactive a year later compared to only 19 per cent of people aged 25-49[36]. Effective back-to-work support is crucial to ensure that older jobseekers are able to get back into work quickly and avoid becoming long-term unemployed, or economically inactive.

What Government is already doing

The **Jobcentre Plus Offer** delivers back-to-work support to claimants across all work-related benefits through a flexible model that focuses on outcomes and personalised support.

The Rapid Response Service, managed by Jobcentre Plus, provides support to people affected by redundancy or other workforce management measures, for example voluntary release schemes. The service aims to work with employers, and provides timely and targeted support for them and their employees to help people move rapidly into alternative employment. Examples of support include:

- matching people facing redundancy to known job vacancies;
- helping people to construct a CV;
- helping people to enhance their jobsearch skills;
- helping people to identify their transferable skills and training needs;
- providing job-focussed training to help people develop vocational skills, and helping to meet discretionary costs e.g.travel to work expenses.

The **Flexible Support Fund** is a locally managed budget allowing local Jobcentre Plus offices to make decisions about the type and style of support which is appropriate to meet the needs of the local labour market. This local approach and flexibility can work well for older claimants and examples of the range of activities to support older claimants include: use of work psychologists to support work coaches to identify barriers and improve interviewing techniques with older claimants, access to conversion courses to convert outdated or obsolete qualifications into modern certification, supporting claimants to develop their IT and digital skills, and working with DWP's National Employer Service Team to develop links with employers to challenge their perceptions of older workers and promote the benefits of a multi-generational workforce. It can also be used to set up bespoke interventions for older claimants, such as sector-based work academies.

To spread good practice we have developed an internal **best practice guide** to help Jobcentre Plus work coaches target support where it is most effective. To promote this, we have re-launched an internal intranet site that sets out the advice, tools and support available to Jobcentre Plus work coaches to help older claimants get back into work.

Sector-based work academy

Doreen was made redundant from a large printing firm a couple of years ago. Since then, she has had lots of temporary short-term contracts, has been on and off JSA, and has combined work with caring for her elderly mother.

Doreen's role looking after her mum was intense. She would spend whole nights there, organising medication and delivering personal care. She wanted more stability from a job, and realised she could get paid for caring for others too. Doreen was referred to a care sector-based work academy (sbwa). She was successfully selected, and on completion of the training was offered a permanent job.

The Work Programme

Some unemployed older people will need the more intensive support available through the **Work Programme**. The Work Programme offers tailored support to those who are at risk of becoming long-term unemployed and is delivered by providers who are free to design support based on individual and local need.

Last year, the Government launched the Work Programme '**Building Best Practice Group'**, which is considering the best ways of addressing the particular needs of claimants, including older workers. The group will report back to Ministers later in 2014.

Self-Employment

Self-employment can match very well with the needs of older people. The flexibility it allows can fit around other commitments and starting a business can make the most of years of experience or untapped talent. The **New Enterprise Allowance** is a successful scheme that supports people who wish to move off benefits and into self-employment by providing access to business mentoring and financial support. The scheme has been very successful with older claimants. By the end of December 2013 **9,260 people aged 50 and over had started a new business with the help of the New Enterprise Allowance** since April 2011[37].

New Enterprise Allowance (NEA)

Heather had recently been made redundant after 10 years employment as a Business Manager. Being over 50 she was worried it would be difficult to get another job. She had some sound business ideas on how she could turn her hobby, knitting and sewing, into a business and was prepared to invest her redundancy payment into the venture.

We decided to go down the NEA route way. She received valuable mentoring from an NEA provider to develop her business plan and was soon in a position to begin trading. The NEA was crucial in maintaining cash flow in the early weeks.

The business is now a success and is continuing to grow, as she is always introducing new ideas. Heather has achieved what she never though she would and has turned her hobby into a source of livelihood and become her own boss.

Actions Government will be taking forward

We want to learn new, effective ways of helping older claimants back to work and remain in work. The Government is doing this through a number of trials:

- A Randomised Control Trial **to test the impact that up to six months adviser-led in-work support can have**, with claimants aged 25 and over who leave JSA and move into work. This is an important opportunity to understand more about the effectiveness of supporting this group as they make their first steps back into work.

- The Supervised JobSearch Pilots will **test the effect of claimants** (both Pre- and Post-Work Programme) **being mandated to attend full-time provision**. The aim of the pilots is to explore the impact on claimants of all ages of daily attendance, supervision and support for jobseeking.

- We are **testing new and tailored provision for older jobseekers** in some Jobcentres using the Flexible Support Fund. In the West of England, Weston College will be offering an Age Positive course for older jobseekers, which if successful may be rolled out to other areas.

- DWP will also hold an '**Older Claimants' fortnight** from 9th-23rd June 2014 that will focus attention on supporting older people to find a job. This will include a range of internal and external communication activities to fully demonstrate the benefits to business.

Skills and workplace factors

Fewer older people engage in work-based training and they are less likely to voluntarily change jobs than younger workers[38]. This can leave those who find themselves out of a job at a disadvantage. A focus on training, development and active career planning is crucial to ensure older workers have the skills to remain competitive in the jobs market. For people who find themselves out of work, we need to make sure that back to work support reflects the needs of older jobseekers.

Evidence from interviews with jobseekers looking for work through Jobcentre Plus suggests that **more 50+ claimants said they were not confident their skills were up to date** compared to 18-24 year olds[39]. Furthermore, older jobseekers are less confident that an employer would offer them an interview, suggesting that confidence and real or perceived age discrimination are still issues in the recruitment process.

Workplace factors are known to be very important in retirement decisions. Reorganisation and technological shocks can provide an involuntary "push" out of employment and occupational stress, repetitive or boring work, lack of autonomy and lack of flexibility in terms and conditions can all play a part in an individual's decision making in terms of leaving or staying in the labour market[40]. These can be particularly important for people with health conditions or caring responsibilities, and it is important that significant workplace-based barriers are addressed.

What Government is already doing

The Government has established a **simplified skills system** in England. Training providers now have greater freedom to tailor training to the needs of the local community and economy.

Funding is available to help adults train or re-skill. Professional and Career Development loans are deferred repayment bank loans supported by Government which can help pay for professional and vocational courses that help adults with their career development or helps them to get into work. In addition, individual training providers such as City & Guilds also offer a limited number of grants and bursaries and Learndirect offers a range of free and low cost training.

The Government-funded **Mid-life career review project** was announced in July 2012 and has been undertaken by the National Institute for Adult Continuing Education (NIACE), in partnership with the National Careers Service and others. One of its aims is to prevent early labour market fall out, as well as early consideration of work and retirement planning issues. An initial evaluation report has been published[41] and work continues to fully evaluate the outcomes.

People on JSA, people in the work-related activity group in ESA, and those on Universal Credit mandated to training are able to access fully funded training to help them into work. This training can consist of qualifications and units up to level 2, even if the individual already holds a qualification at level 2, from the Qualifications and Credit Framework (QCF) for example in basic skills or employability.

In 2011/12, 21.1 per cent of adult learners were aged 45-59 and 8 per cent were aged 60 and over. In 2012/13 12 per cent of apprenticeship starts were by those aged 45-59 and 0.6 per cent by those aged 60 and over.

Older people are also well represented among those participating in Government funded community learning: in 2012/13 48 per cent of community learning learners were aged 45 and over while 16 per cent were aged 65 and over.[42]

We know that we cannot bring about the changes needed without the help of employers and business networks. Employers want to learn what works from similar businesses and networks that they respect. Our **Age Positive**web initiative provides guidance and case studies to employers and business organisations about employing older workers and the business benefits of adopting flexible approaches to work and retirement. We continue also to work with leading business and age expert organisations through the **Age Action Alliance's Healthy Workplaces**web group to develop practical resources to help employers effectively manage the health and productivity of an ageing workforce.

On 10 June Government hosted a conference on introducing flexible working into the workforces of smaller employers.

Actions Government will be taking forward

- We will extend the **right to request flexible working** to all employees in June 2014 and will work with business to ensure they understand the benefits of a flexible workplace. ACAS is producing a code of practice which will explain the simple steps employers need to take to respond to employees who wish to take up flexible working.

- **The newly formed Centre for Ageing Better is pleased to be working with Business in the Community exploring opportunities to change the labour market view of older workers** and to develop solutions that meet the needs of older people and business.

- We will 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.

- We will develop a **communications strategy** to ensure that the business benefits of fuller working lives are better understood by both individuals and employers, and that both existing good practice and any new tools reach a wide audience using business networks and representative bodies.

- We will work with the **Older Workers' Champion** to ensure the issue of working longer and the business benefits are both in the public eye, and more specifically, well known by business**.**

- We will hold a **national event for Local Enterprise Partnerships** (LEPs), to make the business case for local action for the retention of older workers and work with the West of England and other interested LEPs to develop local initiatives to support older workers in the workplace.

A pub company with more than 900 outlets throughout the UK, J D Wetherspoon's customer base is very broad, a fact which it is keen to reflect in its workforce. The company removed its retirement age in 2006, a move which ensures that it can retain valuable skills and experience and give staff the choice of working for longer.

J D Wetherspoon has found it beneficial to attract diverse age ranges by offering flexible hours. This enables the employee to strike a balance between work and family or other commitments and the business to cover its core hours. For example, lunchtime is a particularly busy period for the company's outlets and it has found that some older workers - who might be looking to work for a few hours a week - are adaptable and happy to work at this time. Older staff are welcomed at all levels of the business, from part-time bar work to managerial posts. Feedback from pubs which employ older workers suggests they are particularly stable, with low absence, a strong work ethic and a commitment to the business. Training is also available at all levels and J D Wetherspoon have a number of older employees who have progressed to manager level.

J D Wetherspoon

Mid-Life Career Review

"**It's given us focus to address how we can support an older workforce. We've had staff who've been with us for a long time...so we must be doing something right. But we want to make sure that continues. Older people bring so many benefits to an organisation. It's the experience. There's just so much they bring. But if they don't feel valued or supported then we'll lose them'".**

Mid-Life career review learning advocate

Financial security and incentives

The incentives provided by the benefits, pensions, tax and National Insurance systems, as well as an individual's specific financial circumstances, play a large part in any decision to stop, or carry on working[43]. Finances are rarely the only factor on which people base their decisions, with other factors such as health, caring, a dislike of their job or redundancy usually taking precedence for people who stop working before State Pension age[44]. **However, ongoing financial security is important for everyone.**

At the point where a retiree decides to leave the labour market, it is important that they understand the financial implications of this for the whole of their retirement, not just in the short term. For example, the prospect of receiving an initial lump sum upon retiring may be attractive, but consideration also needs to be given to whether the residual income or capital will be sufficient for the longer term.

The UK tax-benefit system contains few structural disincentives for older people to stay in work, and there are major changes being implemented that will remove some of the potential disincentives that we know exist.

What Government is already doing

The Government has put in place a number of financial incentives to ensure work pays. Principally, **Universal Credit will ensure that work, and more work, always pays.** Universal Credit has more generous work allowances than is true in the fragmented benefit system that precedes it, a smoother income taper and greater requirement to seek or prepare for work. Thus it improves work incentives, including incentives to earn more through increased working hours or better paid work. This is true for jobseekers, people claiming for health or disability reasons and carers.

Most carers under State Pension age wish to stay in touch with the jobs market, not just for their financial well-being, but also to enhance their own lives and the lives of those for whom they care. The **carer element** in Universal Credit provides better flexibility for carers to combine work and caring. While Carer's Allowance ceases when the claimant earns more than £102 per week, there is not a similar cliff-edge effect in Universal Credit, which withdraws the benefit smoothly as individuals earn more, thus improving the ability of carers to combine paid work with caring responsibilities.

The introduction of Universal Credit sits alongside the raising of the personal tax allowance for workers born after 6 April 1948.

In addition, employees over State Pension age are exempt from paying National Insurance contributions and individuals are able to continue working alongside claiming their pension.

The necessary increase in the State Pension age influences expectations around the length of working life. We have legislated to bring forward the planned increase in

State Pension age to 67 and to provide for a regular review of State Pension age once every Parliament.

The new State Pension due to be introduced from 6 April 2016 for anyone reaching State Pension age after that date is a simpler, flat rate pension which will be set above the basic level of the means test. It will therefore provide a **clearer foundation for private income from savings and earnings**. In steady state, to receive the full weekly rate of the new State Pension, an individual will need 35 qualifying years of National Insurance contributions or credits, with a pro-rata entitlement for people with fewer qualifying years.

The increase in the qualifying age for Pension Credit[45] may also encourage people to stay in the labour market. Mixed age couples (where one partner is below the Pension Credit qualifying age and one is above it) will in future claim Universal Credit rather than Pension Credit. As a result, the younger partner will retain their link to the labour market and, should the older partner be in paid employment, he or she will see improved returns on earned income.

We are also taking action on private pensions to encourage people to save for their retirement - there are already **millions more people newly saving** (or saving more) **into a workplace pension** because of automatic enrolment with more than 3.3 million workers having been enrolled since October 2012[46]. It is vital that everyone gets a good deal from their pension scheme and has confidence in them and so we are taking action to ensure that workplace schemes offer good value for money. In March this year we announced measures to protect members of workplace defined benefit schemes from high and unfair charges, introduce full transparency of costs and charges, and ensure that schemes are well-governed[47]. Under Universal Credit, 100 per cent of private pension contributions will be disregarded when calculating earnings, meaning there is a greater financial incentive to save for retirement as compared to current out of work benefits where the disregard is limited to 50 per cent.

The recent Budget announcements on pension flexibility provide an opportunity for people to extend their working lives. Individuals with defined contribution pensions will in future no longer have the limited choice of facing a retirement ‘cliff edge’ whereby there is a specific moment where they buy their income for retirement or chose a seemingly complex financial product. Instead, they will be able to use their pension pots more flexibly, mixing employment and non-employment sources of income, and potentially choosing to phase their retirement more gradually. In recognition of increasing longevity and the expectation that individuals should remain engaged with the labour market for longer, we have also proposed to raise the minimum age at which individuals can access their private pension, under the tax rules. The Government has proposed to increase the normal minimum pension age from 55 currently to 57 from 2028 and from then on it will rise in line with the State Pension age so that it is always ten years below it.

Through the **Public Service Pensions Act** the Government has made a number of changes to support public service workers to stay in the labour market for longer. For example, **we have abolished the requirement, present in some existing**

schemes, that if a member wishes to return to work after retiring, he or she must forfeit part of their pension. This will also incentivise public service workers to continue working for longer or to return to work after retiring. We have taken steps to increase the take up of flexible and partial retirement: the new provisions will allow many members to take part of their pension while continuing to work and while continuing to accrue further pension benefits. The move to Career Average Revalued Earnings schemes, where pensions are accrued on the basis of earnings in each year of service, will allow those public service workers who wish to continue working, but at a lower grade and on a lower salary, to do so, without it having as much of a detrimental impact on their pension benefits as if they had been in a final salary pension scheme.

Actions Government will be taking forward

- Bringing forward the planned **increase in State Pension age to 67**, in reflection of increased life expectancy.

- Rolling out **Universal Credit** with its improved work incentives, more generous treatment of pension contributions and better support for carers.

- **Raising the age at which people can access Pension Credit** and changing the rules around access to benefits for mixed age couples to increase the incentives for the younger partner to stay in work, and improved returns on earned income for both partners.

- **Introducing the new State Pension in April 2016** so people can be clearer about what they need to save to supplement their State Pension.

- Continuing the roll-out of **automatic enrolment**, through which we expect to get 6-9 million people newly saving or saving more in a workplace pension and we are taking measures to make sure workplace schemes offer value for money for savers.

- Increasing flexibility in the way individuals can access their pension pots.

- Conducting further **work to understand any major financial (dis)incentives**. We would welcome views and contributions on this, in addition to those we have already received from our stakeholder engagement events during the preparation of this Framework.

Next Steps

Governance

We will set up a governance structure to review and direct progress of the implementation of actions outlined in the Framework and identify further priority actions. This body will include representatives from the relevant Government Departments, representatives of employers and employees, and employers themselves. We will consider the potential role of representatives of the medical and caring professions in this context. We will also continue to involve the UK Advisory Forum on Ageing in the development of policies on fuller working lives, to ensure a voice for older people.

Test and learn

The trials we have committed to will increase our understanding about what works to prevent premature labour market exit, but this is just the beginning. We want to make learning about what support is most effective for older people a core part of what we do. We will work across Government and with stakeholder organisations to ensure we build our knowledge. For example we will:

- Partner with the Medical Research Council (MRC) on a **major programme of research**. £5.8 million has already been invested by research councils in 8 research projects which are running from 2013 to 2016 on a range of issues including the health risks and benefits of extending working life; late-career transitions and initiatives to get over 50s back into employment.

- Continue to engage with LEPs to ensure they understand the business case for fuller working life and discuss with them the potential for future work.

Monitoring Progress

In this Framework for action we have outlined measures which will:

- Offer more support to help keep people in work, particularly people with health conditions, disabled people, or those who are caring for a loved-one.
- Help us to make better use of back to work support for older people.

From autumn 2015 we will periodically outline progress made and the scale of cultural change still required. In particular we intend to:

- **Publish labour market data** on an annual basis showing how the position of older workers in the UK economy is changing; in particular ensuring that the employment rate of people aged 55-64 keeps pace with increases across the group of nations represented in the Organisation for Economic Co-operation and Development (OECD). Between now and 2020, if we are achieving our desired outcomes on fuller working lives, we should expect to improve our placing in the league table of OECD nations on older people's employment. We will also monitor inequalities for groups who are at risk of early labour market exit, to ensure that the gaps are closing – for example, but not limited to, people with a health condition or who are disabled, women, carers, people in low skilled occupations and other protected groups[48].

- Provide **progress updates** against the actions identified in this document.

- Provide updates on **what works for older workers**, including the formal evaluation of local and national initiatives linked to the Framework, and the outputs of our work with stakeholder organisations.

Moving Forward

The dialogue that Government has had with stakeholders has been invaluable. We would like to thank those who have contributed. The ideas and views discussed have been instrumental in developing the Framework and actions. We want to continue to expand this partnership working to ensure that what we do makes a difference and has the impact we seek. Government cannot and should not work in isolation - employers, trade bodies, trade unions and individuals all have a part to play to bring about the changes needed.

As we move forward to implement the actions set out in this Framework, we welcome your comments and ideas. We are particularly keen to hear from those interested in helping us progress particular actions. Please contact us at: FULLER.WORKINGLIVES@DWP.GSI.GOV.UK

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