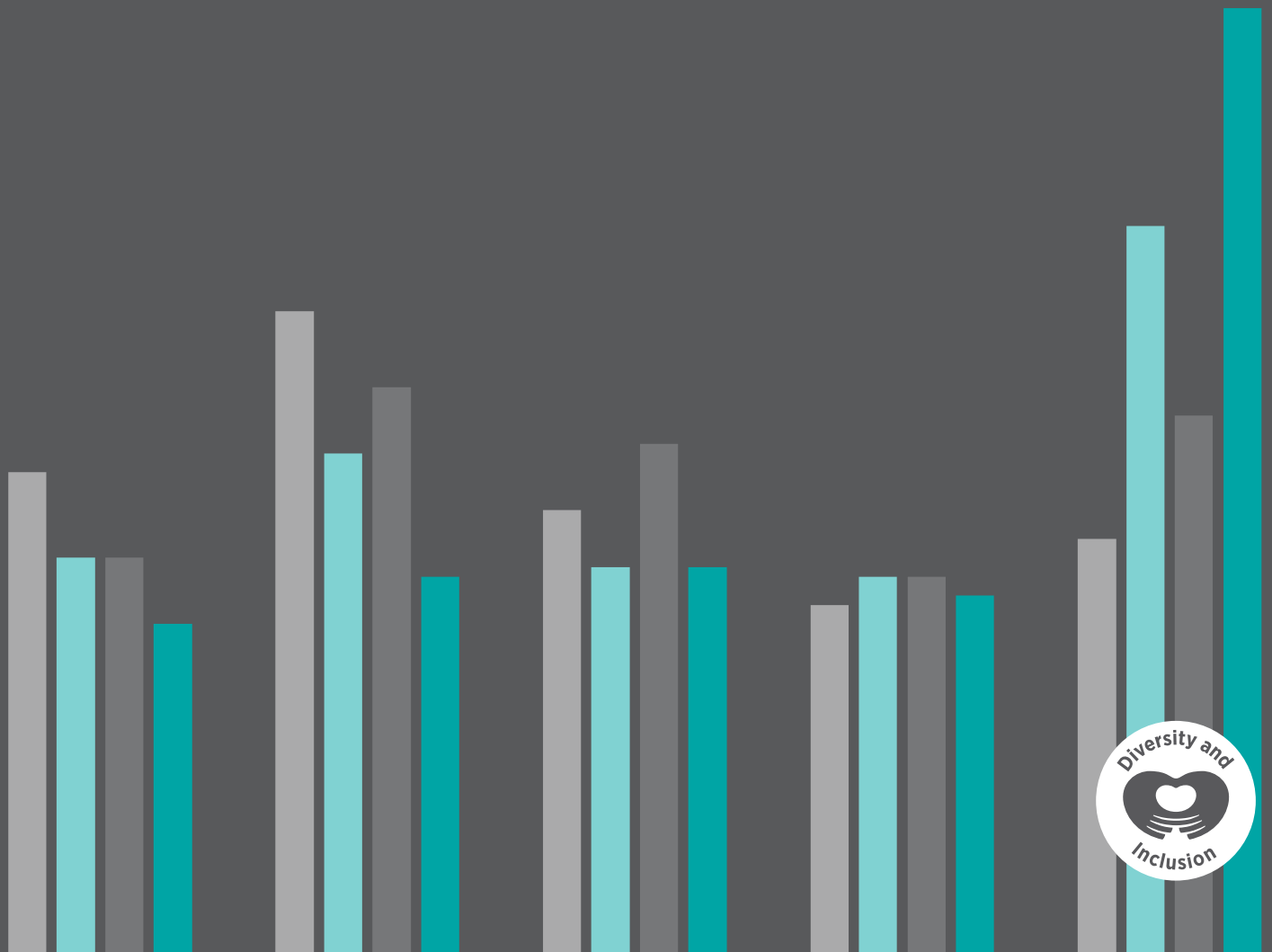


OCTOBER 2019

MEGATRENDS

AGEING GRACEFULLY: THE OPPORTUNITIES OF
AN OLDER WORKFORCE



The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has 150,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

MEGATRENDS

The trends shaping work and working lives

AGEING GRACEFULLY: THE OPPORTUNITIES OF AN OLDER WORKFORCE

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1 Executive summary

Since 1950 life expectancy overall has risen by 13 years, and life expectancy at 65 by 7 years. None of these extra years are spent in work. The age of exit from the labour market is lower today than it was in 1950, although it has been improving since a low point in the mid-1990s.

The UK is not alone. Excepting a handful of outliers, all nations are ageing due to increased longevity and lower fertility. The UK has experienced the transition slowly, allowing policy and infrastructure to catch up. In many developing countries, the transition has been much quicker. Policy enacted over several years has already started to extend working lives.

By international standards the UK has been relatively successful in extending working. Reforms that have helped include increasing the state pension age and abolishing mandatory retirement. The policy objective of increasing working lives has been aided by favourable tailwinds such as the closing of generous defined benefit pension schemes and a jobs boom.

The ageing workforce is not a future trend but one that has been developing for 30 years. The proportion of over-50s in the workforce increased from 21% to 32% between 1992 and 2019. The Baby Boomers' economic might is felt keenly in Britain's top jobs. Fifty-nine per cent of MPs and 80% of FTSE 100 CEOs are over 50.

As the Baby Boomer generation heads into retirement, the 65+ age population will swell by 2.7 million in the next decade. Young people are spending longer in education and entering the labour market at later ages. Together these trends mean that many industries face the prospect of a demographic crunch.

For some industries the threat is greater than others. There is a range of age profiles in UK industries. The youngest industry – hospitality – has an average age of 34, while the oldest – primary industries (including agriculture and mining) – has an average age of 47. The four industries with the largest number of 50+ workers (health, retail, education, and manufacturing) account for approximately half (47%) of all 50+ workers in the economy.

To avoid the demographic crunch, business could look overseas for talent. Approximately 11% of the workforce are non-UK nationals, but this is higher in some industries, for example tourism, where it is 16%. Immigration is only a partial solution and cannot stop population ageing permanently.

Automation could reduce reliance on labour, but there is ongoing debate about whether it is happening at the right levels. While popular discourse is awash with the claims that automation will make human workers redundant, the reality of recent years may be that we are not automating enough. Business investment has been weak since the 2016 referendum.

'Good' work can encourage workers to consider working longer. Besides financial incentives, people respond to a work environment that works for them. This means flexible working, health and well-being policies designed for older workers, and lifelong learning. A large increase in the number of older workers who are self-employed may suggest a latent demand for flexible working that employers are not accommodating.

Older workers have been the key recipients of the jobs boom that has characterised the post-recession recovery. Since the publication of the Department for Work and Pension's *Fuller Working Lives* report in February 2017, an extra 570,000 older people are now in work.

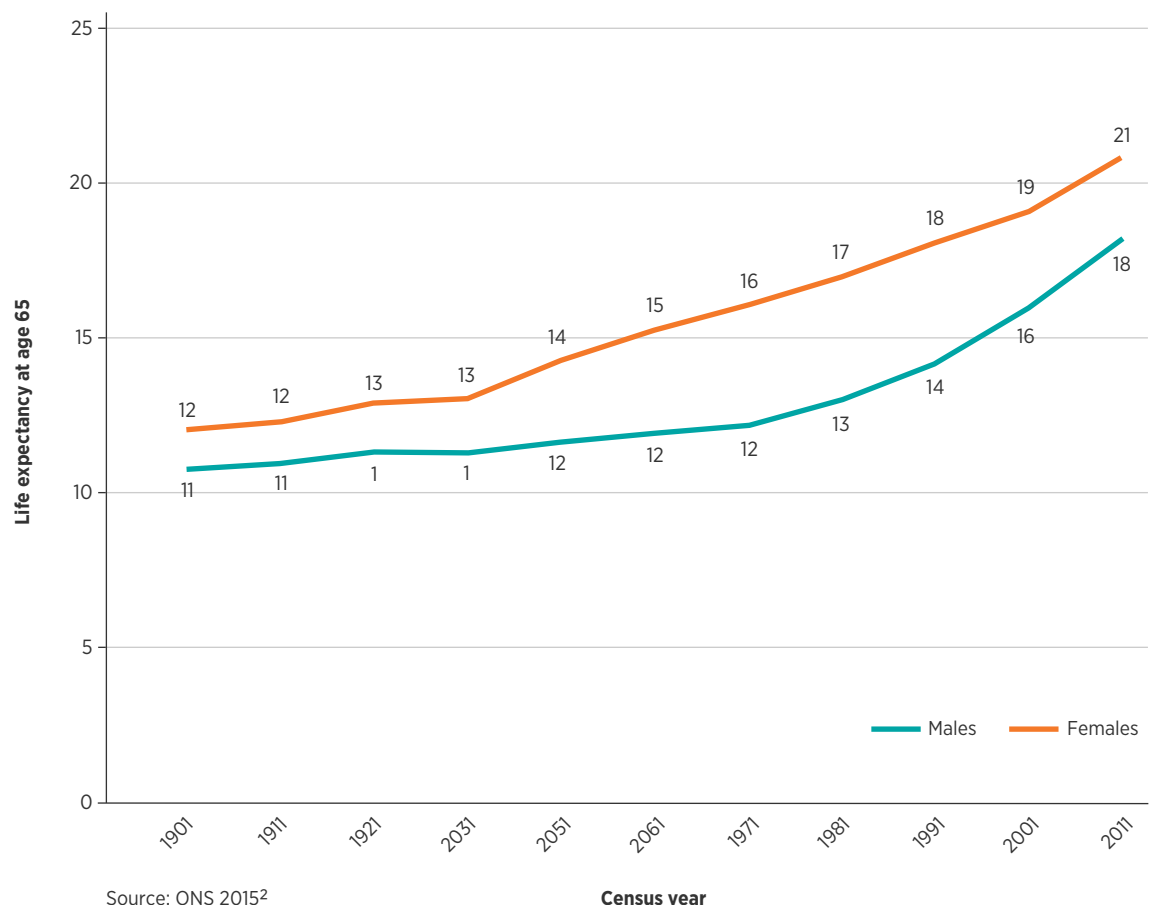
The Baby Boomer generation will be the first to work at older ages en masse. This cohort will transform the world of work into one that works for older workers, leaving a legacy for successive cohorts of older workers.

2 Introduction

Good problems to have

An ageing population is arguably a good problem to have. Throughout the twentieth century, life expectancy – a key metric of human progress – increased at a steady pace. The causes are various. In the early part of the century infant mortality was reduced, and infectious diseases tamed. The latter half saw increases to life expectancy at older ages. Deindustrialisation and a move away from dangerous industries as well as lower rates of smoking made large contributions. Every decade since 1950 saw life expectancy increase by two years.¹ The combined effect of this is that the average individual has an extra 13 years of life to live than they would have had in 1950, and if we look at how many years someone at 65 can expect, they now have an extra 7. It is the phenomenal increase in life expectancy at older ages that presents the biggest challenge from a workforce perspective (see Figure 1).

Figure 1: More years to enjoy – life expectancy at 65 since 1901

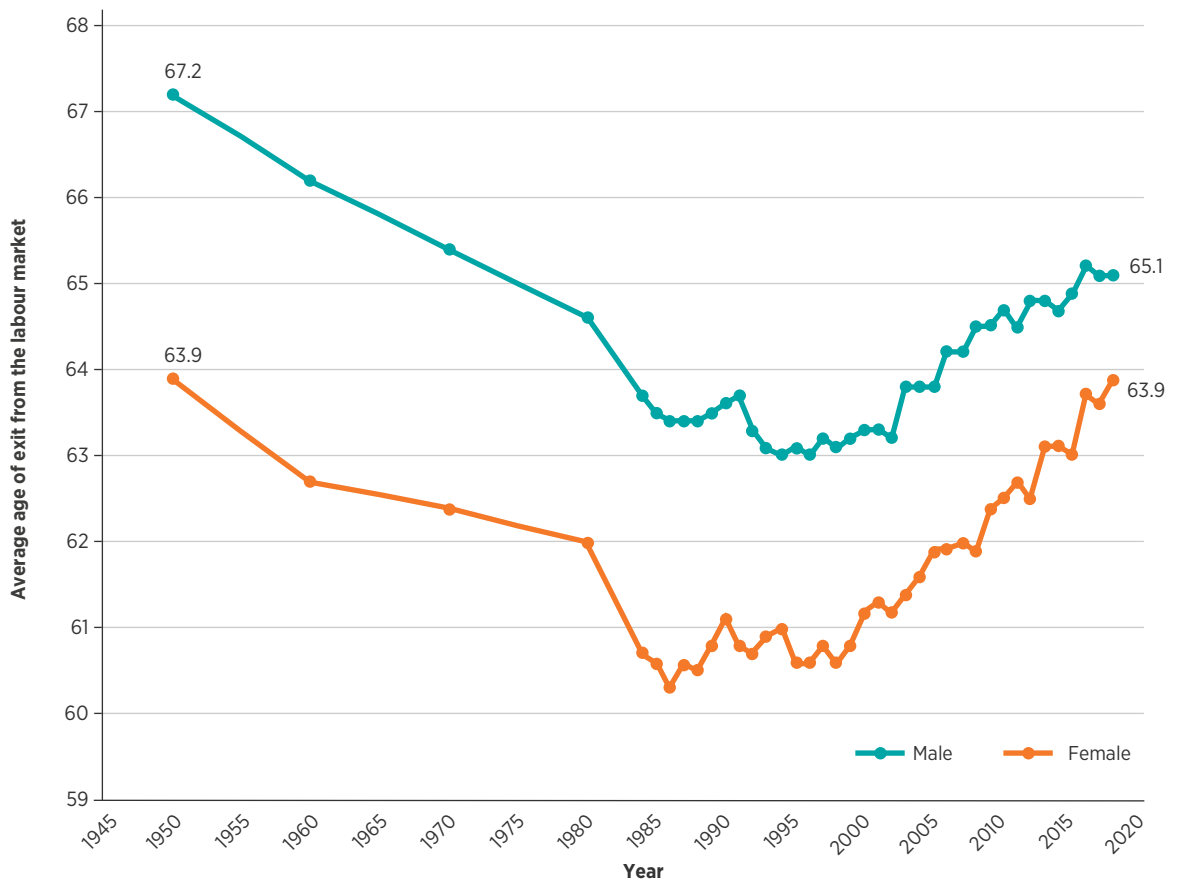


In addition to increased life expectancy, falling fertility rates have helped increase the average age of the population. Women born in the mid-1930s had around 2.45 children. For those born in the mid-1950s, this was down to 2 children, which is just below population replacement rate. For those born in the 1970s, the figure is 1.91.³ The UK is not alone, as all advanced nations are experiencing below-replacement fertility rates. The UK has the fifth highest in the EU.⁴

Not old enough

Today the average age of exit from the labour market is two years below 1950 levels for males (see Figure 2). Seemingly none of the extra years of life that a 65-year-old can expect now are being spent at work. The irony of our ageing workforce may be that it is too young. Consequences include a shortage of labour supply and an increasing ratio of non-workers to workers, putting greater pressure on the social welfare system. For individuals, these lost years mean smaller pension pots and a lower standard of living in retirement. Even though the age of exit from the labour market has been trending upwards for more than 20 years now, during this time, life expectancy has continued its ascent.

Figure 2: Not old enough – average age of exit from the labour market, 1950–2018, by gender



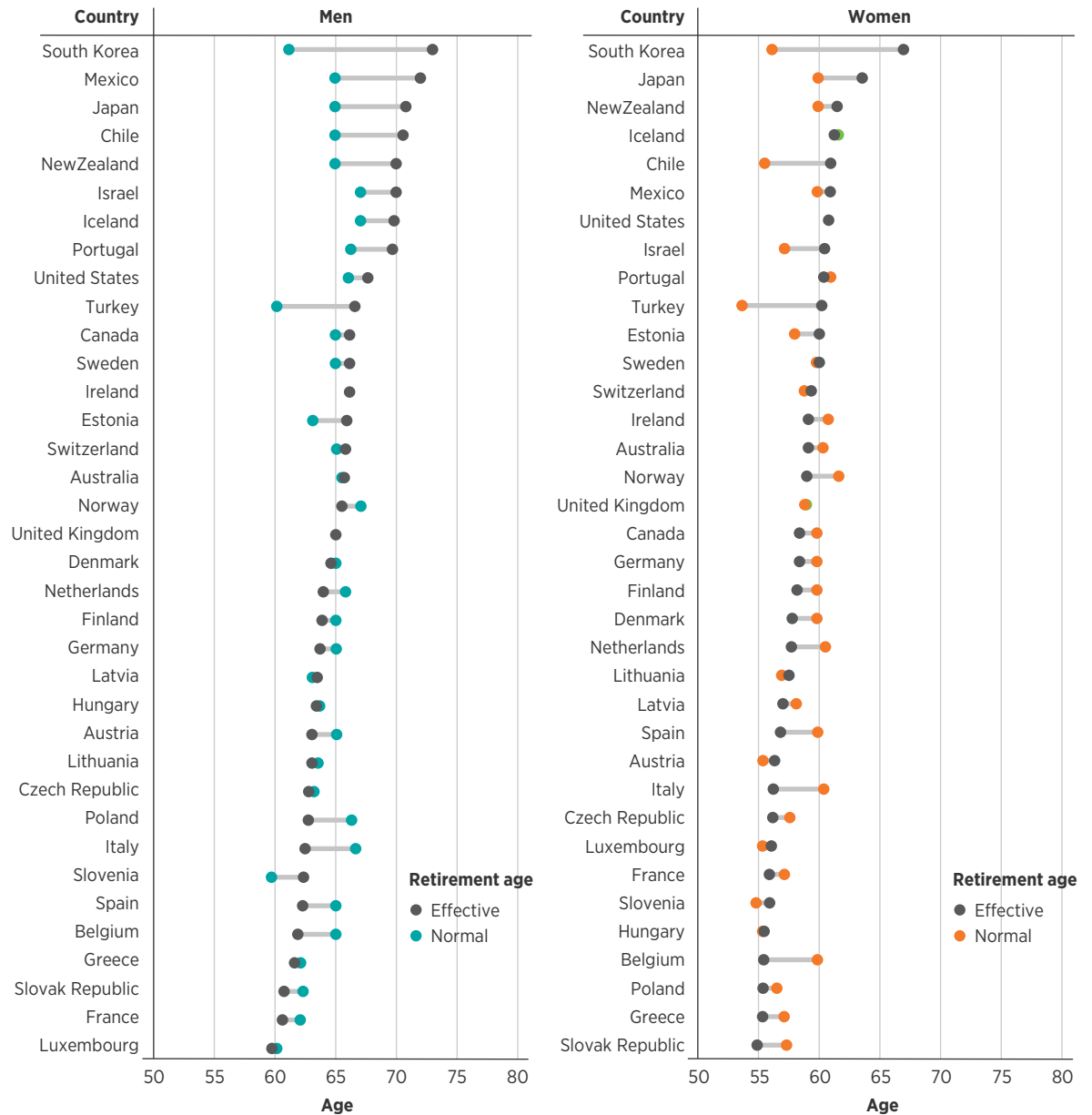
Source: DWP.⁵ (Note: there was a change to the data source in 1984 and 1992.)

International comparisons

Most developed nations have also seen a pattern of falling and then rising age of exit from the labour market. In most, exit occurs before state pension age (see Figure 3).⁶ Yet in a handful of countries the opposite is true. The caveat of course is that people in different countries face different circumstances. In Chile and Mexico, high levels of informal

employment generate low pension entitlements. This may force people to work longer. In Korea, the pension system is relatively new. This means few have had enough time to be eligible for earnings-related benefits. The UK sits in the middle of the distribution. Age of exit and state pension age are about the same.⁷

Figure 3: Difference between effective and normal retirement age across the OECD, 2012–2017, by gender



Source: OECD⁶

Life expectancy also differs by country and this has important implications for the workforce. When life expectancy is low, governments do not need to pay pensions for as long. Thus, people need to spend fewer years in work to build up their pension pots. The UK has a middling performance on life expectancy at 65 relative to other OECD countries (see Figure 4).⁸

Figure 4: Life expectancy at age 65, by OECD country (2017)



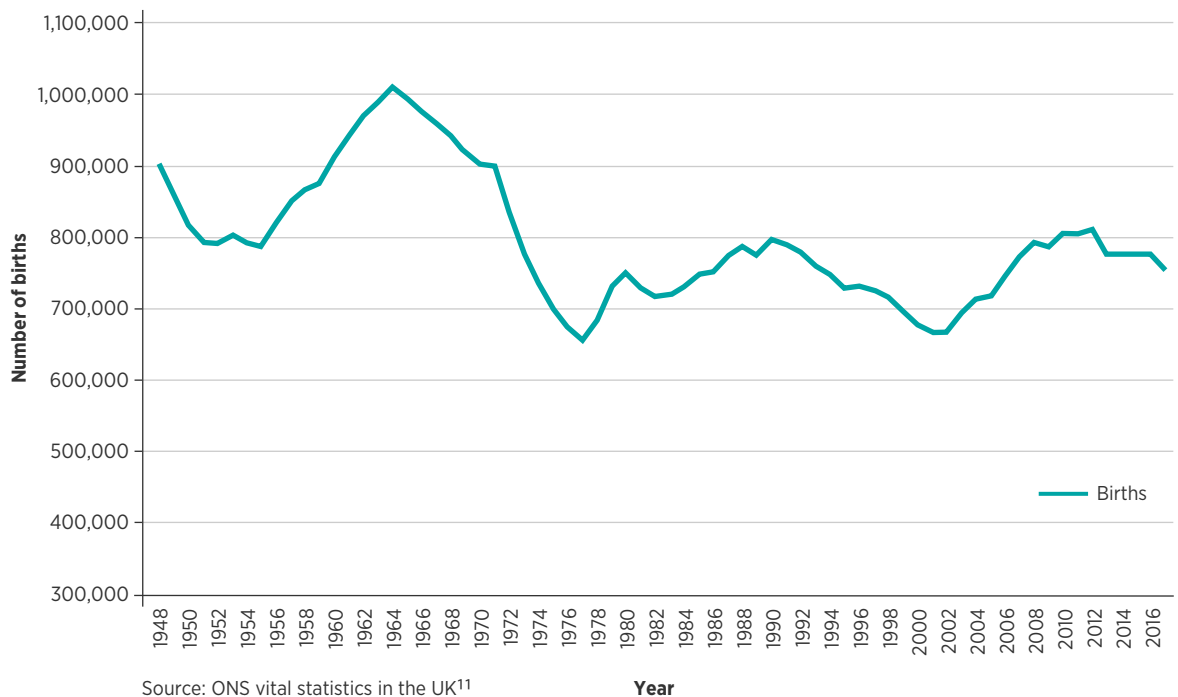
Excepting a handful of outliers, most nations are ageing due to increasing longevity and declining fertility. Developed nations like the UK have experienced this transition slowly, giving time for policy and infrastructure to adjust. For many developing nations, the transition has happened much more rapidly than demographers had projected.⁹ These nations, which include India and China, will age much more quickly.¹⁰

3 Age profile of UK population in 2019

The post-war baby boom – circa 1946–1964 – caused a demographic bulge in the UK population. The Baby Boomers also left an echo when they themselves had children, which manifests as corresponding peaks and troughs in the number of births (see Figure 5).

Besides births and deaths, there are migration inflows and outflows, with the net effect being a population age profile that undulates. At each stage of a cohort's life course, its presence is felt. A large, young cohort needs more teachers, while a large, older cohort needs social care provision. These demographic transitions are also felt in the workforce as companies adjust to expanding and contracting sources of labour supply.

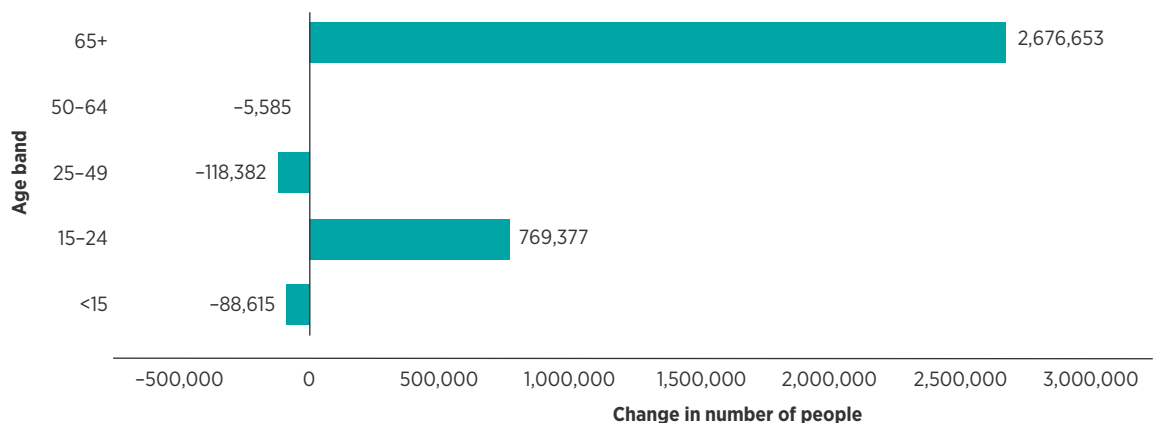
Figure 5: Echo in the birth rate, UK, 1950–2016



Change over the next decade

In the next decade most of the Baby Boomers will transition into the 65+ age group, which for many will mean retirement. At the end of this period the population aged 50–64 will remain essentially static, but the 65+ group will swell by 2.7 million. Although there will be a modest rise in 15–24-year-olds, the trend towards more time spent in education will mean that far fewer of these will have entered the labour market (see Figure 6). Over this same period the state pension age for both men and women will gradually rise to 67.

Figure 6: Projected change in UK population between 2019 and 2029



3 Age profile of the workforce

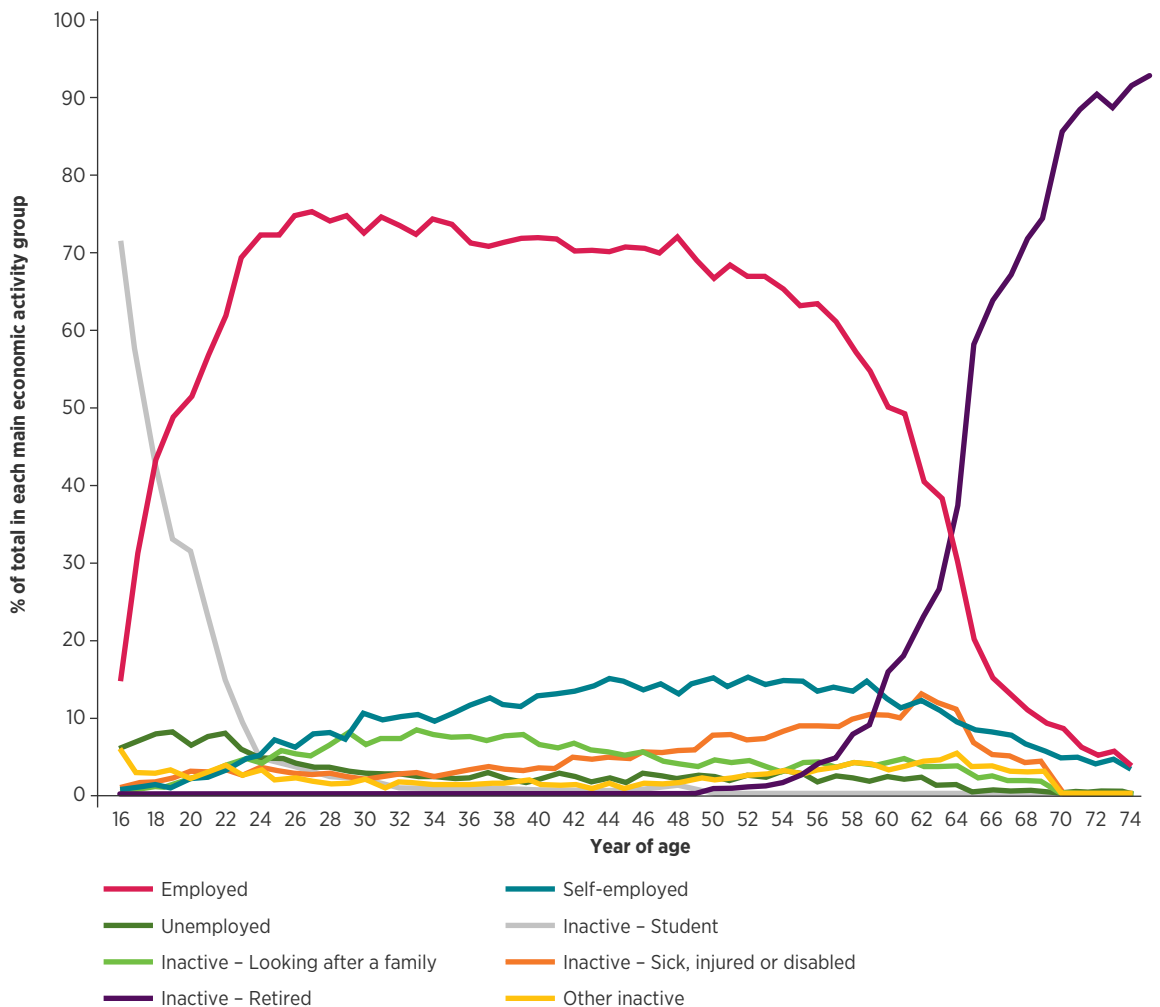
Economic status by age

Figure 7 tells an intuitive story about age and economic status. Younger people are more likely to be inactive due to study and older people due to retirement. Employment dominates most age groups, but declines at an increasingly steep rate after 50. Interestingly, self-employment rises with age. Looking after family and home peaks around child-rearing ages but remains significantly elevated at older ages. Inactivity due to sickness, injury or disability becomes more prevalent with age.

If the economy were optimised for working longer, the marked decline in employment and sharp rise of retirement for over-50s might be much more gradual. To achieve this, we need to consider:

- How can we enable people to manage work and caring responsibilities?
- How can we keep people with a disability in work?
- Can we avoid turning unemployment into long-term unemployment or even reluctant retirement?
- Is our current skills system, which involves front-loading human capital investment, fit for purpose?

Figure 7: Economic status, by age band (%)



Source: CIPD analysis of Annual Population Survey¹³

Industry breakdown

The changing population age structure will affect different parts of the labour market to different extents. Figure 8 details the age profile of UK industries, but the most striking element is the gendered division of work in the UK. Industries like construction and manufacturing are male dominated, while education and health and social work are female dominated.

After this we notice the markedly different age profiles. Hospitality stands out as an employer of young workers. This industry reports some of the highest skills shortages according to the latest Employer Skills Survey.¹⁴ The cause is a dip in the birth rate around the end of the 1990s, meaning there are fewer young people to fill vacancies.¹⁵

In other industries we see the effects of an ageing population. Primary industries (agriculture and mining) have a large proportion of males working past 65. These industries accounted for a larger proportion of the economy and employment in the past than they do today. It is thus unsurprising that younger workers are not entering in the same numbers as before.

In other industries, the age profiles are even more problematic as they foreshadow future skills shortages. Sectors like health and social work, education and manufacturing all show a top-heavy age profile. These industries, which are already experiencing skills shortages, will struggle as the Baby Boomer generation retires.

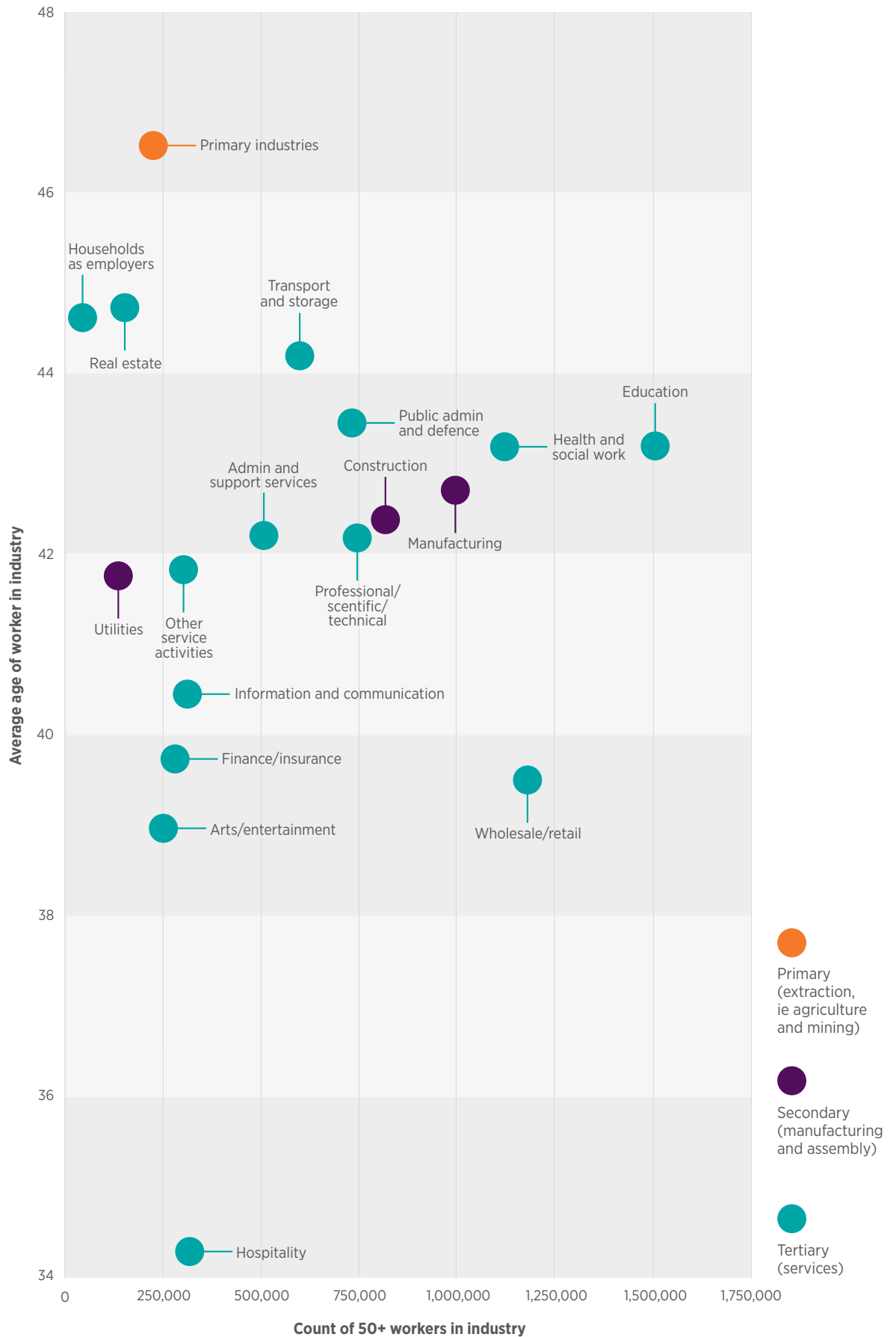
Figure 9 shows the absolute number of workers aged 50+ against the average of workers in that industry. The four industries with the largest number of 50+ workers (health, retail, education, and manufacturing) account for approximately half (47%) of all 50+ workers in the economy. There is a wide spread of ages by industry, with a range of over a decade between hospitality (34 years) and primary industries (47 years).

Figure 8: Age profile of UK industries



Source: CIPD analysis of Annual Population Survey¹⁶

Figure 9: Mean age of worker in industry against number of 50+ workers



Source: CIPD analysis of Annual Population Survey¹⁴

Changing age profile of the UK workforce

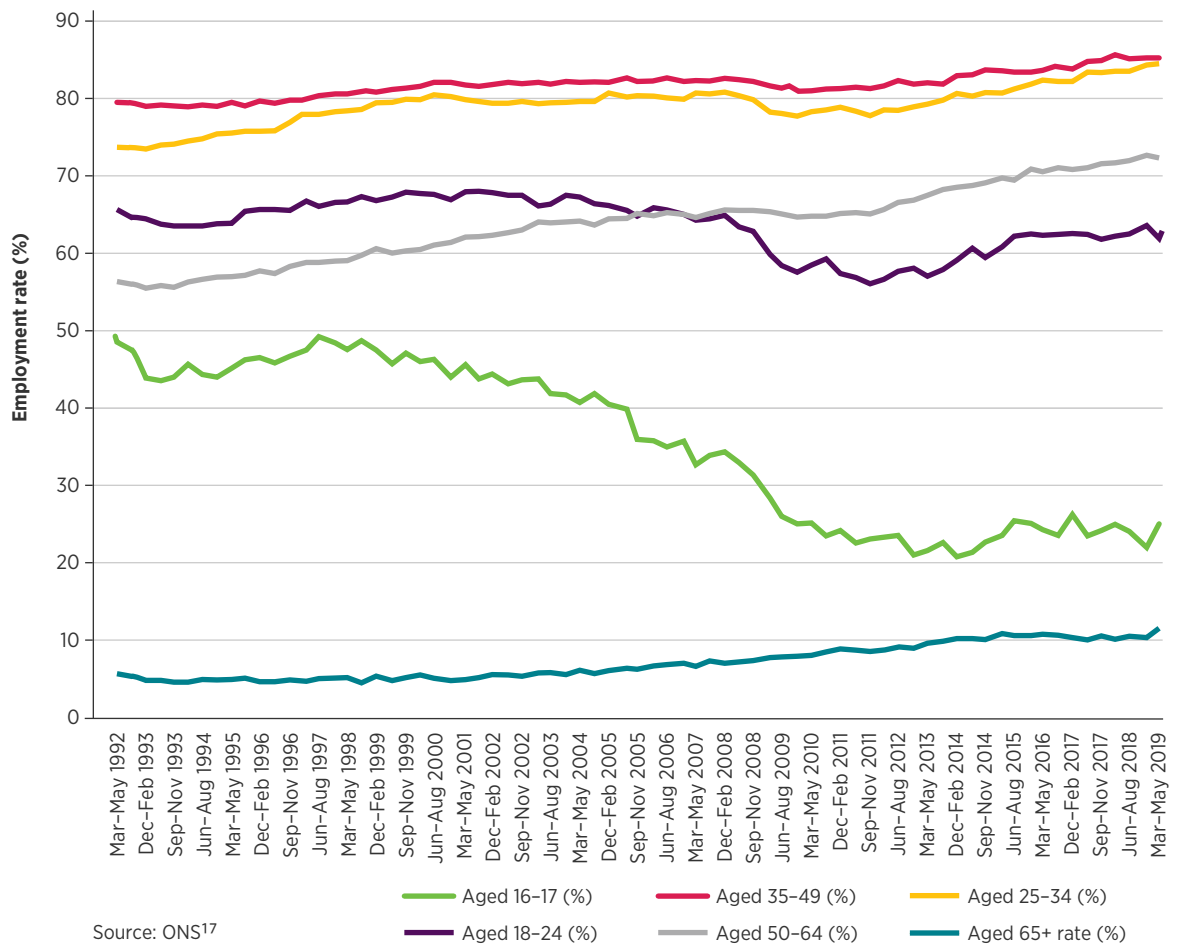
The proportion of older people in the workforce has grown at a faster rate than younger people. Figure 10 shows an unambiguous pattern, whereby the older the age group, the larger the growth in employment numbers. In absolute numbers there are now 185% more 65+ people in the workforce than there were in 1992. The youngest age groups (16-17 and 18-24) have actually declined in number since 1992. This is because successive cohorts of young people are spending ever longer in education, becoming more qualified, and entering the labour market at a later age.

Figure 10: Percentage increase in number of employees, by age group, between March–May 1992 and April–June 2019 (%)



It is not simply the case that the population is older and therefore we should expect to see more older people in work. The employment rate has increased for older workers to more than doubling for the 65+ age group (see Figure 11).

Figure 11: Not just demography: the employment rate, by age group, since 1992 (%)



The net effect of this trend is that the proportion of the workforce aged over 50 increased from 21% to 32% between 1992 and 2019 (see Table 1).

Table 1: Proportion of total workforce, by age band (%)

	Age band					
	16-17	18-24	25-34	35-49	50-64	65+
Mar-May 1992	2.6	14.9	25.6	35.6	19.4	1.9
Nov-Jan 2019	1.0	10.8	23.0	33.3	27.9	3.9

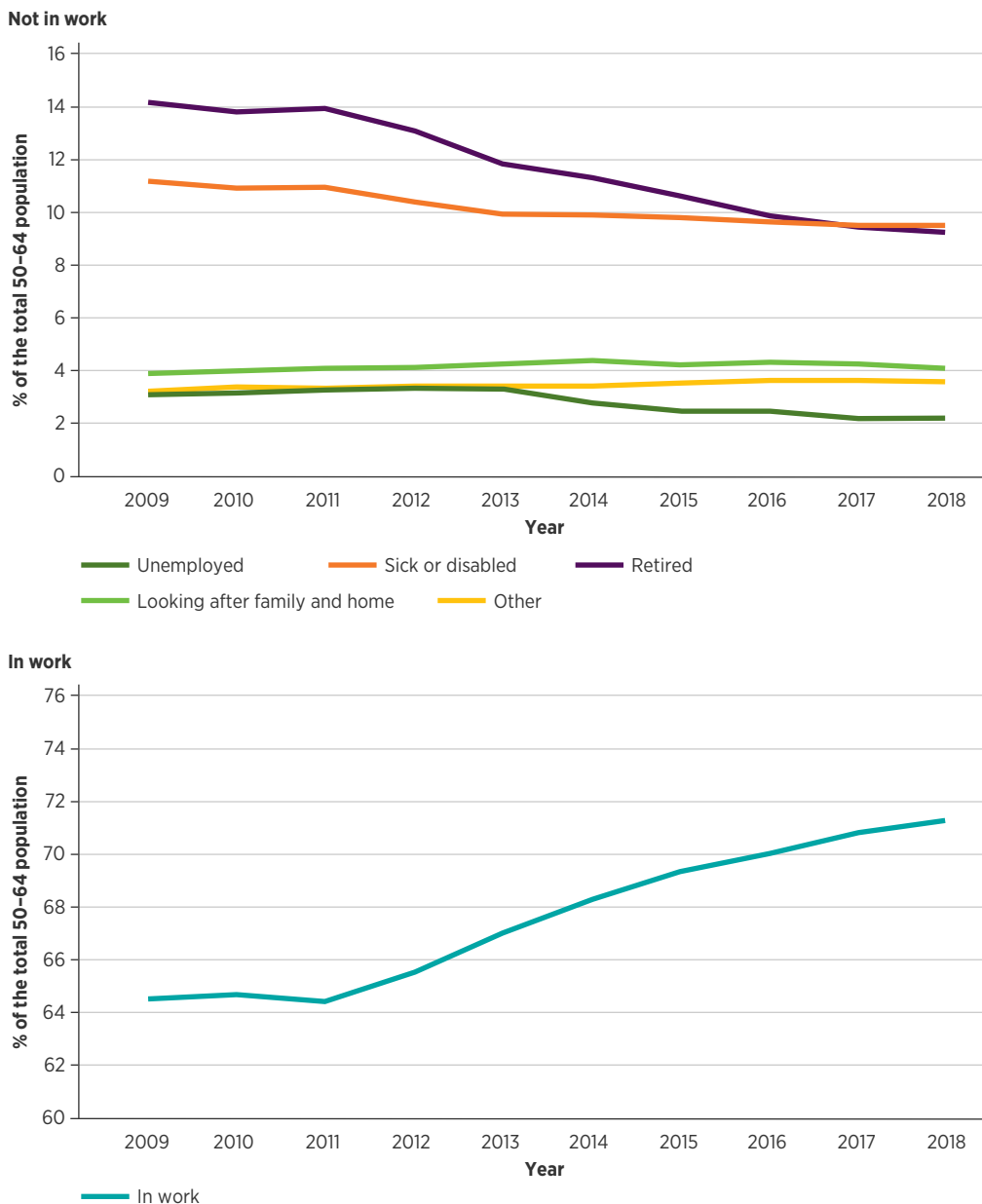
Source: ONS¹⁷

As Figure 8 demonstrated, some industries have an older profile than others. In Parliament, for example, the proportion of MPs that are older workers is just shy of double the national average at 59%, and 13% are over 65.¹⁸ Eighty per cent of FTSE 100 CEOs are over 50, though none are currently over 65.¹⁹ Older workers occupy some of the most powerful positions in the country and are therefore able to enact change. The sheer size of the Baby Boomer cohort means that they have influence through their purchasing power and voting intentions. The increasing supply of older workers in turn creates a demand for quality work. As the trend towards working later meets a large ageing cohort, the economy will accommodate the first generation to work to older ages en masse. Crucially the opportunity to make work better for this generation will benefit successive cohorts of older workers.

Early exit: a trend in reverse

Early exit and lower employment among the older workforce had been easing for some time (see Figure 12). The reasons are a combination of push and pull.²⁰ The health of the population continues to improve, and so we would expect ill health to be a smaller factor restricting people’s ability to work. The welfare state has become less generous in terms of disability benefits and the state pension. In terms of private pensions, defined benefit pensions have yielded to less generous schemes. The state pension age for women has risen over this time and they have made a disproportionate contribution to employment growth in recent years. The abolition of the mandatory retirement age in 2011 would have had further impact. Retirement age, over and above the ability to draw a pension, can act as a signal to people to stop working, and this signal has weakened as a result. There have also been important changes to the nature of work, such as the increase in less physical and higher-skilled roles, as well as flexible forms of working.

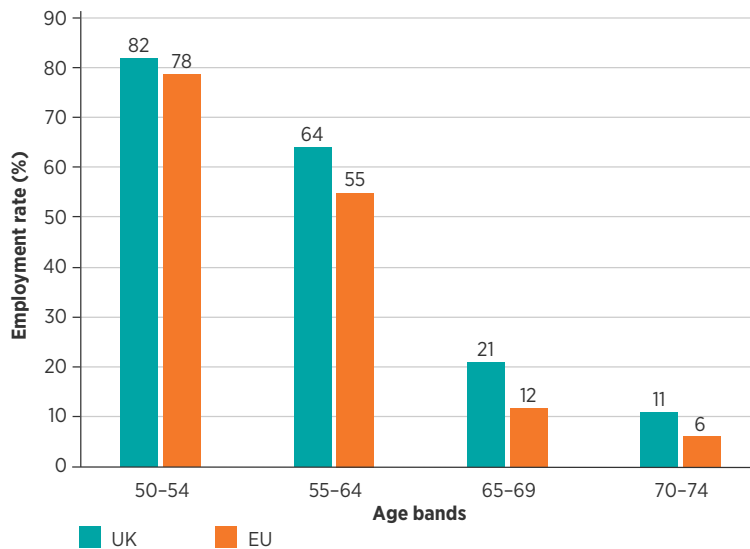
Figure 12: Economic status of 50–64 age population, 2009–2018 (%)



Source: CIPD analysis of Annual Population Survey²¹

The employment rate of older workers in the UK compares favourably by international standards and is higher than the EU average. Using the OECD's measure of 50–74-year-olds, it stood at 51.9% in 2016 compared with 45.4% in the EU.²²

Figure 13: Employment rate of older workers, by age band in the UK and EU (2016) (%)

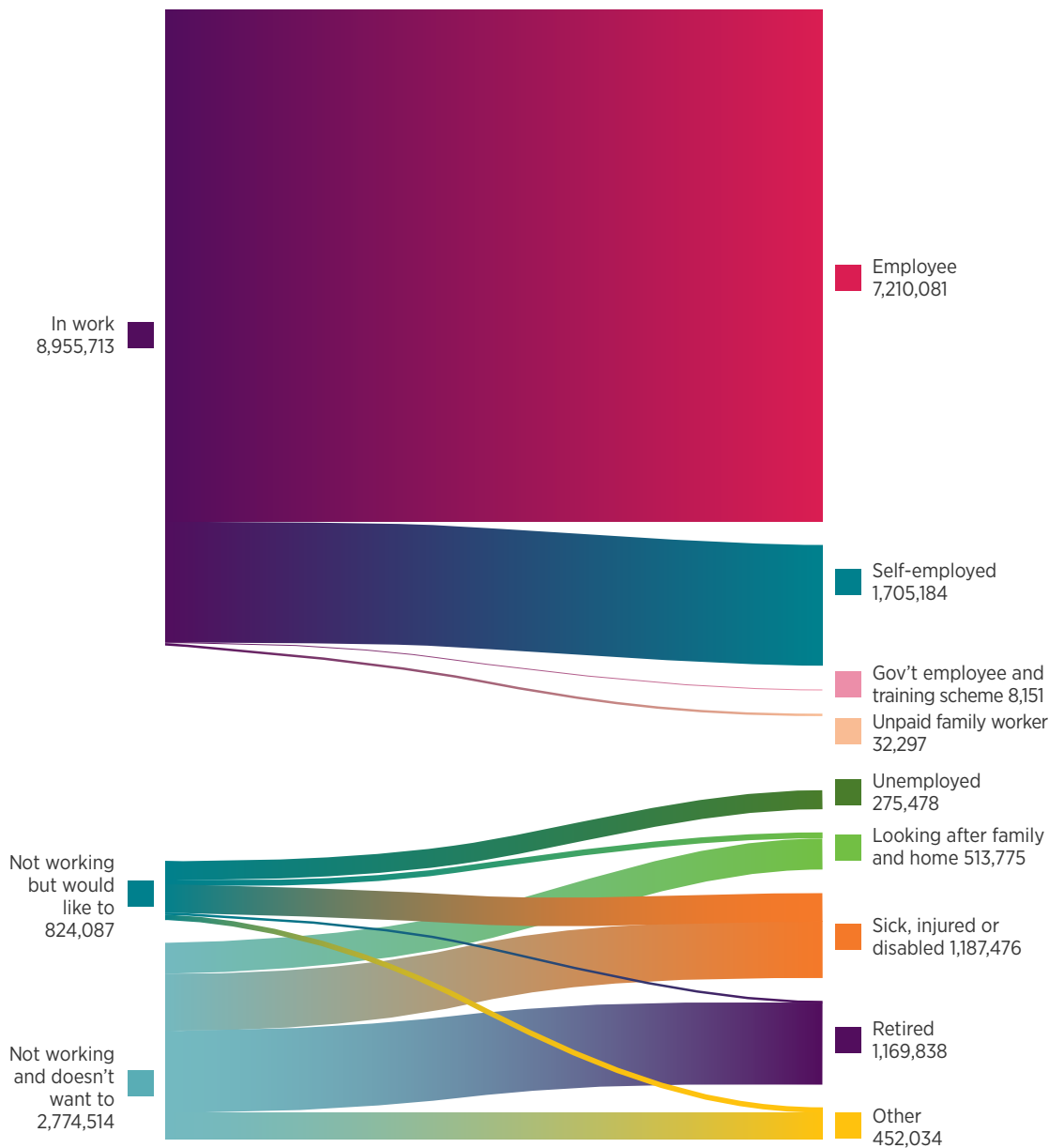


Source: ONS²²

The missing million

In February 2017, the DWP published its *Fuller Working Lives report*, a flagship report on the challenges of an ageing population. The report noted that there are almost 1 million people aged 50–64 who are not in employment but said they are willing to or would like to work.²³ Since the report's publication in 2017, the labour market has continued to tighten and subsequent increases in employment have come disproportionately from older workers. Encouragingly, the number who are not in work but would like to work is now closer to 824,000 than 1 million. Figure 14 breaks down the total population of the 50–64 age group by economic status.

Figure 14: Labour market status of older workers (50–64) (2018)



Source: CIPD analysis of Annual Population Survey

As the top portion of Figure 14 shows, the majority of the 50–64 age group are in work and the employment rate is 71%.

The DWP's *Fuller Working Lives* report concentrates on those not working. It splits that population into two groups, which we have also done in Figure 14:

- 1 those not working but would like to work
- 2 those not working and would not like to work.

The ‘missing million’ are those who are not in work but would like to be. Yet the group who are not in work and would not like a job is three times as large. Whether someone wants to work or not is a dubious qualifier to consider where future employment gains might occur. Indeed, people’s motivations for not working are not straightforward. Someone recorded in the data as a voluntary retiree may have previously been unemployed. Research by Business in the Community (BITC) showed that data can overstate the voluntary nature of early retirement. It claims that *‘those who cite early retirement as the main reason for leaving work are likely to be masking a whole array of other factors that combine to force them out of work.... Only 17.2% of the sample retired early because they were offered favourable financial terms.’*²⁴ The ‘missing million’ may in fact be much larger.

Unemployment accounts for 7.7% of the 50–64 population who are not in work. These people are the most obvious source of potential employment, as they are actively looking for work. Related to this is the need to support existing older workers to ensure employers retain them. Older workers when out of work can struggle more than younger workers to get back into work. The long-term unemployment rate is higher for those aged 50+ than for younger and mid-age groups.²⁵

Of the 50–64 population, 14.3% who are not in work are looking after family and home. The burden of caring falls disproportionately on older people and on women.²⁶ Research by the ONS showed that women are more likely to work part-time while caring, in contrast with men, who are less likely to work at all while caring.²⁷ The need for more informal care will intensify as the population ages.

A third (33%) of the 50–64 population who are not in work are sick, injured or disabled. This number is now almost identical to the number of retired 50–64-year-olds (32.5%). Looking again at the trend in Figure 12, both the voluntary retired group and the inactive due to disability group have been shrinking as a proportion of the 50–64 age group over time.

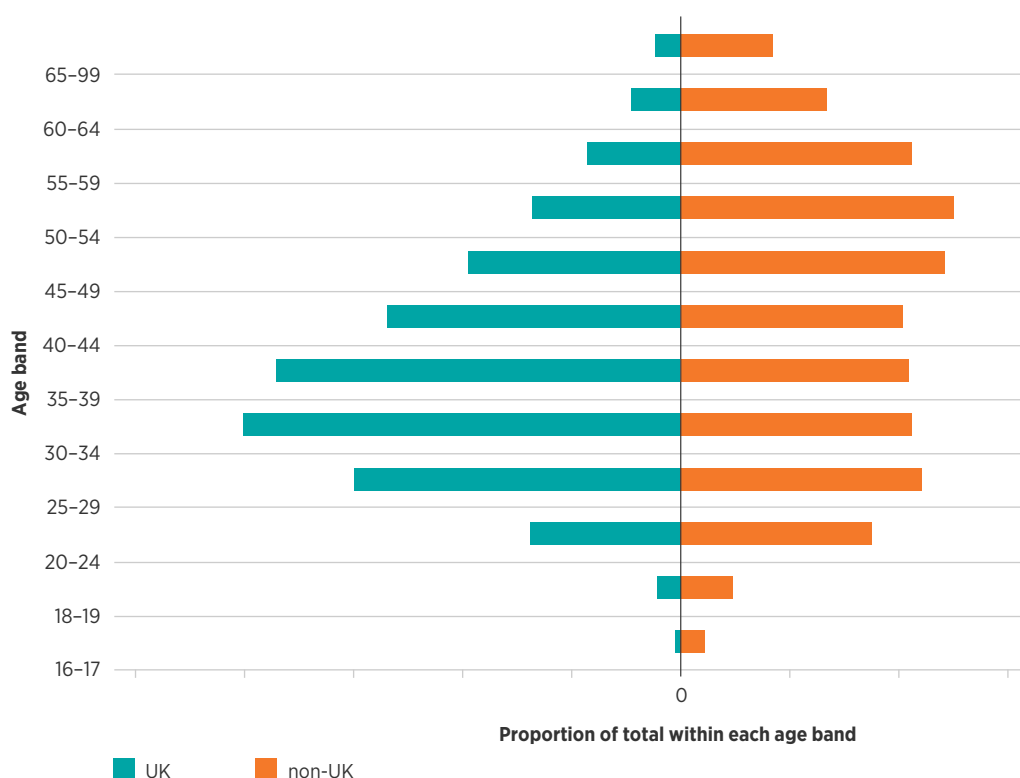
Policy-makers have been working on the issue of older workers’ employment rates for some time and there is evidence that over the past two decades these policies have been having the desired effect, albeit helped by favourable economic tailwinds such as a booming jobs market and less generous private pensions.

4 How to avoid the demographic crunch: lessons for employers and policy-makers

Employers and governments can consider a range of actions to avoid a shortage of labour. Some are more immediate, such as relaxing immigration policy, while others will take time, such as training and developing the incumbent workforce.

Immigration

Many firms recruit non-UK nationals to fill vacancies that they cannot fill with domestic workers. Approximately 11% of the workforce are non-UK nationals²⁸ but this is higher in some industries, for example tourism, where it is 16%.²⁹ For key workers such as doctors and nurses it is higher still – 29% and 18% respectively.³⁰ The age profile of non-UK nationals in employment in the UK is younger than the UK national population in employment (see Figure 15). While UK workers have an average age of 42, non-UK nationals have an average age of 38.³¹

Figure 15: Age structure of UK and non-UK nationals in employment, 2018

Source: CIPD analysis of Annual Population Survey

More generally, immigrants tend to be younger with a higher fertility rate and so reduce a country's dependency ratio. This eases the pressures of an ageing population. Immigration may be the simplest fix to acute labour supply problems. This applies to both high-skilled and low-skilled roles. Restricting immigration will curtail the easiest source of labour supply, forcing companies to look at more marginal and therefore expensive sources.

But immigration is only a partial solution. The ONS notes that *'higher levels of net migration will slow population ageing but will not prevent it'*.³⁰ The CIPD's [factsheet on immigration law changes](#) provides employers with a ready resource for managing their migrant workforce.³¹

Automation

Automation is about making businesses less reliant on labour to produce outputs, by investing capital to increase efficiency. Popular discourse is awash with the claims of 'techno-optimists' that automation will usher in a 'Fourth Industrial Revolution' that makes human workers redundant. However, the reality of recent years may be that we are not automating enough. Investment in things like ICT, machinery, and intellectual property has been weak since the 2016 referendum.³² Lack of investment holds back productivity growth, which in turn has been weak since the financial crash but in recent quarters has actually gone into reverse.³³

Boosting investment to increase efficiency will be imperative in a world of dwindling labour supply. CIPD research has found that while there are risks from automation, there are at least as many opportunities to increase the number and quality of jobs.³⁴

Evidence³⁵ also suggests that for organisations and workers to realise the benefits of innovative technologies, it is crucial that employers involve their people when new technology is being considered and implemented, highlighting the key role of HR.

Lower qualification thresholds/scrapping arbitrary restrictions

Lowering qualification thresholds is a strategy used by organisations experiencing skills shortages. In teaching, for example, a higher proportion of classes are taught by subject teachers without a relevant post-A-Level qualification when these teachers are in short supply. In 2018, 78% of secondary school maths teachers had a relevant post-A-Level qualification compared with 36% of computing teachers.³⁶

Another strategy involves devolving work to a less qualified group of workers. In healthcare, support workers such as healthcare assistants have grown in number by 9% since 2010, while the number of nurses has grown by 2% in the same period, therefore growing support workers as a proportion of the total workforce. In addition, the Royal College of Nursing notes that *'a new role of nursing associate has been introduced in England, designed to bridge the gap between health care assistants and registered nurses and to address urgent workforce shortages'*.³⁷

There may be concerns about reduced quality, but the alternative – under-provision – can be worse. CIPD research has identified a trend towards over-qualification in many professions. The police, nursing and journalism now mandate degree-level entry, where before the threshold was lower.³⁸ Arbitrary restrictions on entry may limit an industry's ability to deal with labour shortages.

Another disadvantage of over-credentialisation is that it can work against older workers who have lower levels of formal qualification. This does not mean that they have lower levels of competence, as workers acquire skills on the job. Inclusive recruitment processes that screen for skills can overcome the shortfalls of using formal qualifications as a shorthand.

Lifelong learning

A 21-year-old graduate starting work in 2019 will have 47 years before they can collect a state pension. Our current education model is geared to front-load human capital investment at the beginning of one's career, but an economy optimised for working longer will require lifelong learning so that workers can update their skills.

Older workers face specific challenges. Redundancy is more likely to result in longer spells of unemployment for this demographic. In this time skills can atrophy. Older workers are less likely to take part in workplace training, which may be because they are not offered or encouraged to take part. In recent years there has been a collapse in part-time undergraduate study, which is primarily undertaken by older learners.³⁹

The announcement of funding for a National Retraining Scheme is welcome but not ambitious enough considering the size of the need. The CIPD⁴⁰ believes the Government should revisit the potential for personal learning accounts along the lines of Individual Learning Accounts, but with greater scope for individual and employer co-investment and a much closer link with high-quality careers information, advice and guidance.

Another positive proposal is widescale use of a 'Career MOT at 50' – a holistic look at work, wealth, and well-being. Pilots at large companies by the Centre for Ageing Better have yielded positive results and suggest that now is the time to scale.⁴¹ This will need both state funding and employer buy-in.

Flexible working

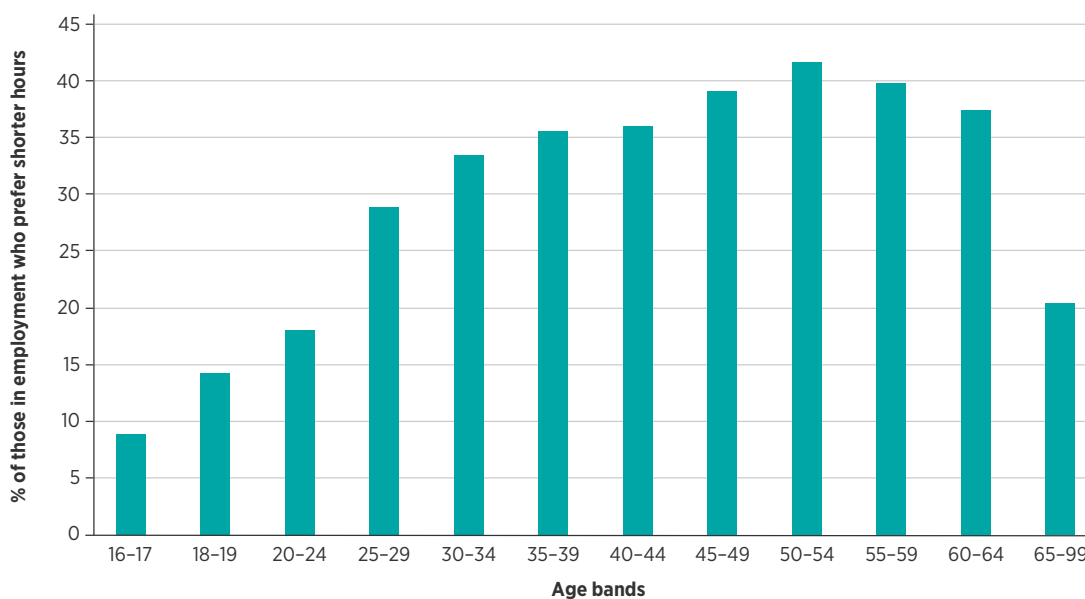
The ageing population and workforce increase the need for employers to boost the availability and uptake of flexible working, as more people will need to balance work with caring for ageing partners, older relatives, friends and neighbours. More people will

become ‘sandwich’ carers, where they are looking after both their children and their ageing relatives. In response, employers will need to ensure they are providing both informal and more formal flexible working arrangements, such as flexi-time, homeworking, term-time working, compressed hours and job-sharing, and to utilise technology to maximise the availability of such solutions to a wider proportion of their workforce. Key to this will be senior-level buy-in and training of line managers to help them manage a more flexible workforce more effectively.⁴²

This need for greater flexibility over when and how work is done and for greater autonomy among older workers could help explain why there has been a phenomenal growth in the number of older workers who are self-employed in recent years (Figure 7).

Older workers are also likely to want to ‘downshift’ and work more flexibly as they get closer to retirement. Labour Force Survey data backs this up by showing that older workers are more likely to prefer shorter hours (see Figure 16). There is evidence that a gradual transition into retirement by reduced hours is positive for well-being.⁴³

Figure 16: Percentage of employees who would prefer to work shorter hours than at present, by age band, 2018 (%)



Source: CIPD analysis of Annual Population Survey

Research by the OECD shows that flexible retirement – the ability to draw a pension while still working – differs by country. Different financial incentives are a major factor, but the report notes the existence of barriers such as discrimination and norms around part-time working. Challenging norms and mindsets is needed to complement policy.

Health and well-being

Ill health is not the barrier to employment that it used to be. Not only are our bodies reaching a later age in much better condition, but the work that we do is less physically demanding, which further facilitates working longer. Advancements in treatments for chronic conditions⁴⁴ and effective health and well-being policies of employers are further reducing barriers to working from ill health.

Despite this, sickness, health or disability remains the biggest category of economic inactivity for the 50–64 age group (see Figure 14). Although we may be getting healthier on average, we are also getting older on average. The prevalence of some conditions, including cardiovascular conditions, cancer and arthritis, are a function of age, and an older workforce will experience higher rates of such conditions. This reinforces the business case for employers to invest in the health and well-being of their workforce.

CIPD research⁴⁵ suggests that training line managers to manage people and absence properly and practices such as return-to-work interviews, access to flexible working and early referral to occupational health services are key to supporting employee health. Employers should seek to foster a culture where all workers feel able to request reasonable adjustments regardless of whether they have a long-term health condition or a disability.⁴⁶ These are often simple and low-cost interventions that can impact on performance. Health is also an important pillar of the Career MOT.

Good work for all

Economists are very good at modelling financial incentives to work. These models usually take the quality of a job as given and so a variable outside of the model. But some jobs are better than others. The best jobs incorporate good practice in areas including lifelong learning, flexible working, and health and well-being. Increasing the quality of work will tilt the labour supply decision in favour of work. This is particularly important for older workers where financial incentives to work may be weaker.²³ In the latest British Social Attitudes survey, 90% of people said that they believe work is good for mental health, while 83% believe it is good for physical health. The majority (59%) agreed that they would enjoy having a paid job even if they did not need the money.⁴⁷ Work fulfils a range of psycho-social needs besides providing an income.

5 Unknowns: births, deaths, inequality, immigration, recession, automation

Carl Emmerson of the Institute for Fiscal Studies suggests that there was a design flaw in the provision of pensions. Neither state nor private accounted for the dramatic increase in longevity.⁴⁸ It is worth reflecting on why this was the case.

An ONS review of historical population projections found that demographers expected life expectancy to slow, but it continued to increase at a steady pace. Thus, life expectancy was under-projected.⁴⁹

The ageing population could still surprise us. Average life expectancy in the US has fallen three years running due to ‘deaths of despair’, and there is evidence that these deaths are also on the rise in the UK.⁵⁰ Inequality could be to blame, and this too could throw up new challenges to an ageing population. If the longevity of the richest and the poorest start to diverge, average life expectancy figures become less meaningful.

For the past five years in a row, migration has been a bigger driver of population change than births and deaths.⁵¹ Immigrants are younger and have higher fertility rates on average. Changes to immigration will thus affect the age structure of the population. Future immigration policy is a big unknown, especially considering Brexit.

The jobs miracle of the post-crash era has facilitated the inclusion of older workers – a rising tide that lifted all ships. But what about when the tide goes out? The most significant risk to older worker employment may be recession. Recession in the early 1980s had a ‘*large and lasting effect on the employment of older men*’.²⁰ This is because recessions can act as the catalyst for a restructuring of the economy. The 1980s restructuring worked against older male workers who were less skilled. Yet, the effect of the most recent recession on employment was much more moderate.²⁰

And what of automation and artificial intelligence? Many believe these will boost productivity and render human workers obsolete. This is unlikely. Like increases in longevity in the twentieth century, a mass displacement of workers due to AI could turn out to be the twenty-first century’s good problem to have. Far from worrying about not having enough labour supply, the challenge would be that we have too much.

This range of unknowns could make the problems we face ever more pressing or entirely redundant. The prudent response is to work with the best available projections. We should be sceptical of claims that AI will liberate the masses from the burden of work. At the same time, for a significant number of older people, not being in work is a source of considerable dissatisfaction. The call to make work friendly for older workers is a call that we all have a vested interest in. The data presented in this report paints an optimistic picture. Sensible policy has led to positive results, namely a higher volume of inclusive work for older workers. Since the publication of the *Fuller Working Lives* report in February 2017, an extra 570,000 older people are now in work.¹⁷

The Baby Boomer cohort will be the first to work to a later age en masse. The demand for older workers will meet the demand for better work. Sometimes it takes a large cohort to pave the way.

6 Notes

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CIPD

Chartered Institute of Personnel and Development
151 The Broadway London SW19 1JQ United Kingdom
T +44 (0)20 8612 6200 **F** +44 (0)20 8612 6201
E cipd@cipd.co.uk **W** cipd.co.uk

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