

Overview

- Northern Ireland employers and the Northern Ireland Executive should welcome the opportunity presented by demographic change which is ongoing in Northern Ireland. More people are living and working longer.
- Employers would benefit from valuing the positive role that older people play in the workplace.
- Employment rates for older people in Northern Ireland have increased since the financial crisis in 2008 and there is a strong economic case for working beyond 65.
- There are still a range of barriers which prevent people working longer, including ageist attitudes, health, caring responsibilities, skills and training opportunities, as well as the fact that 'cliff-edge' retirement is still a common occurrence here.
- Initiatives should be introduced by the Northern Ireland Executive and employers to support people to work longer, should they wish to do so.
- Older people in Northern Ireland should have the right to remain in work as well as the right to retire, and they should be supported in either scenario.



Raising the level of labour force participation amongst the older age groups will be vital to driving economic output – and particularly so in Northern Ireland given the slower growth in the working age population, compared to England.

The Commissioner for Older People for Northern Ireland has hosted a series of engagement events with employers and with older people to gauge their views on how an ageing workforce can be better supported. In addition, research conducted by the Commissioner along with the International Longevity Centre has highlighted some of the economic benefits to business and the wider economy that would follow if older workers were better supported and encouraged to remain in the workplace for longer.

It confirms that older workers are more effective than their younger colleagues. In fact, it has found that economic output could be 4.4% higher in Northern Ireland by 2037 if employment rates for the over 65s continued to rise, rather than remaining stagnant. However, older people still experience ageist attitudes and practices from advertising, vacancies, apprenticeships, training and retraining, which makes it harder for them to remain in work or to change jobs.

Background

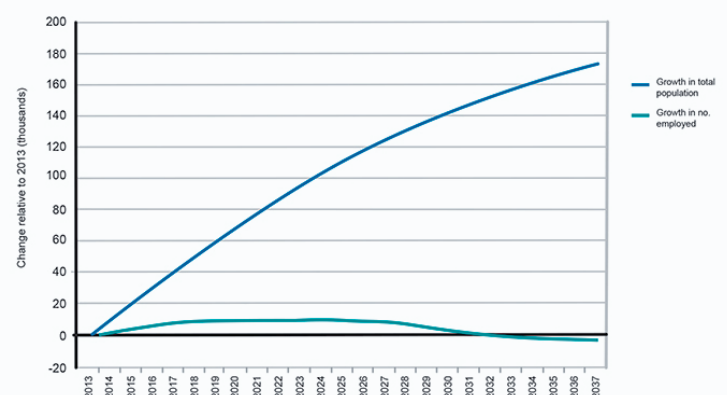
The population of Northern Ireland is changing. Life expectancy is growing at an unprecedented rate – and that is something worth celebrating.

According to 2012-based projections, there will be 318,000 more people aged 60 and over by 2062. The population of people aged under 60 will rise at a slower rate, with an additional 210,000 by 2062. People aged over 60 will make up one third of the population by 2062.

This demographic change will have implications for employers, the workforce and individuals in Northern Ireland. According to the Office for National Statistics' (ONS) Principal Population Projections, by 2037, Northern Ireland's population aged 15-64 - often referred to as "traditional working age" - is set to fall by almost 2% relative to 2013, while the population aged 65+ is expected to rise by 75.1% (ONS, 2013a).

The fact that the population is going to change so markedly means that economic advantages will flow when participation of older people in the labour market increases. If current employment rates of older people remain the same, the total number in employment will stagnate and then decline but the population will still be rising. Not only does this mean that the ratio of people working to those out of work (the Economic Support Ratio) will be lower, but also that economic output would stagnate.

Figure 1. Projected growth in employment and population



Source: ONS Principal Population, ONS regional employment estimates by age and author's calculations
*Employment rates by age are assumed to remain at 2013 levels over the duration

Public policy initiatives affecting people in Northern Ireland

There are a number of key public policy measures being implemented in Northern Ireland in response to the ageing population. The extent to which they help increase levels of employment amongst older people will depend on a range of different factors:

- **Raising State Pension Age (SPA):** While there is evidence of previous rises in SPA leading to increased employment rates amongst older people, the impact of any future increase in pension age will depend on the health and wellbeing of older people working and whether they either choose to, or need to, work longer.
- **State Pension Deferral:** Although the option to defer uptake of pension is described as an incentive to work longer, deferral is not well understood by the general public.
- **Abolition of Default Retirement Age:** While Default Retirement Age may have accounted for some of those leaving the workforce at 65, evidence suggests that, for the vast majority of retirees it was unlikely to have been the main factor.
- **“Access to Work”:** Northern Ireland has the highest proportion of people with disabilities who are out of work compared to England, Scotland and Wales. However, despite the importance of supporting those with a disability to get back to work, there has been little research into the impact of this initiative.
- **Northern Ireland-specific health initiatives:** While a number of important public policy commitments regarding active ageing have been made over the last few years, the critical issue will be implementation and effective resourcing.

Rising 65+ labour market participation by older people: a response to economic and demographic change

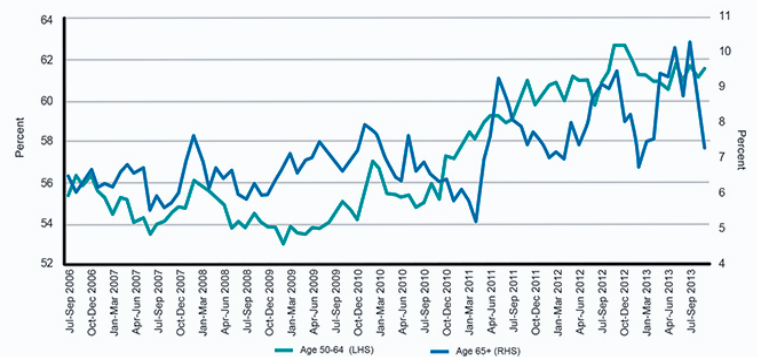
Employment rates for the 50-64 and 65+ age groups have risen since the financial crisis of 2008.

In part, this may be a result of falling incomes due to the crisis, increased living and utility costs, and house prices.

Even if incomes start to rise as the economic recovery becomes more of a reality, the employment rates of the over 65s will need to continue to increase in response to Northern Ireland’s changing demographics.

The industrial structure of Northern Ireland is shifting away from heavy manufacturing to services which may be more supportive of working into later life due to manual labour becoming less prevalent.

Figure 3. Employment rates by age group



Source: ONS Regional Labour Market Statistics

Barriers to working longer

A number of persistent barriers remain that may deter and prevent people from working beyond “traditional working age.” These include:

- **Ageist attitudes:** Too often, recruitment, apprenticeships, training and retraining focus on younger people. There continues to be widespread and inaccurate stereotypes of older workers which make it harder for older people to remain in work or change career.
- **Health:** While more people may want to work for longer, health issues will prevent some from being able to do so. This is particularly relevant for Northern Ireland which has lower healthy life expectancy than the UK as a whole.
- **Informal caring responsibilities:** A significant proportion of carers in Northern Ireland are older people. This is clearly going to impact on their ability to remain part of the labour force.
- **50+ and out of work:** Nearly 40% of people in Northern Ireland aged 50-64 are out of work. Part of the challenge in increasing the proportion of people working beyond 65 is to ensure that employment rates do not drop off quickly once people reach their 50s.
- **Skills and training:** With significant structural changes underway to the Northern Ireland economy, individuals will need support to train and retrain as necessary in order to ensure that they can continue to contribute as the skills requirements of the labour force change over time. Training is often not as available to older people.
- **Public policy “cliff-edge”:** State Pension Age has contributed to retirement being seen as a “cliff-edge” event – where individuals can be in full time work one day and in full time retirement the next.
- **Business short-termism:** There is a general recognition from both employer organisations and individual employers that businesses remain unprepared for issues associated with an ageing workforce. Many employers do not recognise ageing as being strategically important. Human Resource professionals with whole organisation leadership need to promote positive ageing policies and practices.

Recommendations

Taking consideration of the evidence on the persistent barriers to working longer and the public policy landscape, this report sets out a number of recommendations for policymakers and employers. This is not an exhaustive list of measures to help support longer working lives, but it is a useful starting point for a wider debate on this important issue.

Public policy: encouraging greater workforce participation

Policymakers must **reduce the extent to which retirement is a “cliff-edge” event**. While the policy of having a fixed State Pension Age is likely to continue for the foreseeable future, the Northern Ireland Executive should ensure that there are greater incentives to work beyond this age. The phasing out of Default Retirement Age was a good start, but more creative policy measures are needed to help boost workforce participation amongst older people.

There needs to be **increased awareness about the rules around deferral of State Pension** to make the potential benefits of deferral for individuals clearer. Policymakers might also think about tying some of the monetary benefits of deferral to the employment status of the individual concerned – with those still working and deferring, benefitting from a larger percentage increase in State Pension later on. Crucially, such a policy measure will require careful communication to ensure that the financial benefits of working longer (whether this is increased State Pension, tax benefit or something else) are clearly understood by the wider population in Northern Ireland to boost participation.

Government must address why so many people are leaving paid work in their 50s. **Support for those providing informal care** is absolutely critical in this respect. Flexibility is essential if informal carers are to remain in employment.

Policymakers must also address the **problem of unemployment and economic inactivity across all age ranges**. There is an issue with the number of people across all age groups without employment, education or training which may partly reflect mismatches between skills and jobs, particularly given recent structural changes within the economy in Northern Ireland. The Commissioner believes there is a strong case for a commitment from the Northern Ireland Executive and employers to life-long learning so that individuals are enabled to continue updating their skills across the life course, including a focus on older people.

With **older people receiving less investment in learning and development** than any other age group, there is a case for government to subsidise some of the costs associated with offering training or retraining to older workers – particularly for smaller employers who may not have the resources of large or medium-sized organisations. Overall, employers must ensure equality of access for training and retraining across all ages.



The Northern Ireland Executive must **invest considerable effort in public information campaigns** aimed at showing the positive contribution older people make in employment. Alongside the public-facing campaign, there is a requirement for increased support and guidance for employers – easily accessible practical advice on valuing an ageing workforce. The Northern Ireland Executive could work with business organisations and trade unions to deliver relevant information and support.

The current system of funding for employers through Apprenticeships NI should be rebalanced. At present the full costs of ‘on the job’ training are met by Apprenticeships NI for those under 25, but for people aged over 25, the government subsidy reduces to 50% (Invest NI, 2014). This clearly disadvantages older people seeking apprenticeships, and is another barrier for older people seeking employment.

Public policy: delivering improvements in health

While raising State Pension Age will encourage people to work longer, for some, especially those with an illness or disability, working beyond SPA may not be possible.

To address this issue, policy should be directed at a number of areas:

Improving the health of today’s and tomorrow’s older people: Over the long-term, public policy should be increasingly focused on measures to reduce health inequalities and prevent ill health and disability from occurring in the first place. Public health initiatives that tackle some of the behavioral risk factors, including overeating, smoking and drinking, are key. Prevention strategies in Northern Ireland must be driven by the current, as well as the expected future needs, of the local population. The Department of Health, Social Services and Public Safety has laid out a Public Health Strategic Framework for Northern Ireland, which emphasises the need for preventative strategies that tackle these behavioral risk factors (Department of

Health, Social Services and Public Safety, 2012). These measures must be committed to for the long term and backed by adequate resources.

Improved support for those with disabilities: It is vital that individuals with disabilities or those who develop health problems are properly supported to help ensure that they are able to make a choice whether or not to return to the work force. To some extent, responsibility for this rests with the employer, but there is also a role for the Northern Ireland Executive in this regard. Policymakers must consider whether, and to what extent, they should build on the Access to Work scheme already in place in order to better support the working needs of those living with a disability.

Employers

Employers are vital leaders in ensuring greater participation of older people in the workforce. There can be a **tendency for employers to work in the short term**. Impending demographic changes mean that senior management in Northern Ireland must plan for a longer time horizon and think about the strategic consequences of an ageing population. Ultimately this will be in the interests of businesses, the Northern Ireland economy and individual older people.

For those employers that wish to expand, they will need to focus on employing an age-diverse workforce. Fortunately for employers, the number of older people is set to increase significantly in the years ahead.

To secure the demographic dividend rather than wrongly worrying about a potential "demographic timebomb," a step-change in employment practice is required which will recognise the valuable contribution that older people make to the workforce through the following measures:

- **Greater provision for flexible working and phased retirement** to allow for a more gradual transition to full retirement and to support informal carers.
- **Increased encouragement and use of occupational health** to help identify health problems earlier and to support remaining in work.
- **Greater promotion of healthy living** around the workplace to reduce the chances of ill health occurring in the first place.
- **Better recruitment processes** to ensure that older age is not used, either intentionally or otherwise, as a reason not to hire someone.
- **Support the uptake of training and development by all age groups.**

LEGISLATION

Two pieces of legislation have made a contribution towards greater numbers of older people in the workforce.

The Employment Equality (Age) Regulations (Northern Ireland) 2006 outlaws direct and indirect discrimination on the grounds of age, unless indirect discrimination is a "proportionate means of achieving a legitimate aim."

The Employment Equality (Repeal of Retirement Age Provisions) Regulations stipulated that employers were unable to institute compulsory retirement of staff at the Default Retirement Age (DRA) of 65 regardless of circumstances. This legislation also removes the right of an employer to refuse to employ a job applicant where the applicant's age is greater than the employer's normal retirement age, or over 65. If a higher age is set for recruitment, employers must objectively justify it. Employers can only retire employees or set a compulsory retirement age as an essential part of planning or if necessary for health and safety.

Final word.

towards an integrated approach

The Commissioner's recommendations are presented thematically for public policymakers and employers with the aim of helping them to value and support an ageing workforce. Today's and tomorrow's older people need the Northern Ireland Executive and employers to work together. By combining their knowledge and expertise, the wider economy, employers and individual older people can benefit from more people working longer in Northern Ireland.

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