

UNDERSTANDING OLDER WORKERS IN SCOTLAND

Analysis and recommendations
to support longer and more
fulfilling working lives

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Report

Understanding older workers in Scotland: analysis and recommendations to support longer and more fulfilling working lives

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Acknowledgements

This report was written by Jon Boys, CIPD Labour Market Economist, and Marek Zemanik, Senior Public Policy Adviser at the CIPD. Thank you to everyone who provided feedback and supported its publication, in particular colleagues at the CIPD.

Publication information

When citing this report, please use the following citation:

CIPD. (2022) *Understanding older workers in Scotland: analysis and recommendations to support longer and more fulfilling working lives*. London: Chartered Institute of Personnel and Development.

1 Introduction

Scotland's population – and workforce – is ageing. The latest statistics paint a stark picture. While about 400,000 more people live in Scotland today than in the 1990s, the number of children living here has reduced by about a tenth. In contrast, the number of people aged 65+ has grown by over a third. By 2045, the number of people aged 65 and over is projected to grow by nearly 30%. The number of children, on the other hand, is projected to fall by over 22%. This means that employers will need to improve how they attract, manage and develop people as they age.

The purpose of this report is to better understand older workers, which we generally define as those aged 50+. By knowing who they are, their experiences, and what preferences they hold, as well as the important differences and considerations that emerge as people get older, we can design better jobs to support more fulfilling working lives. This will not only give employers a rich source of talent and experience, but also provide a catalyst for more inclusive workplaces overall. These in turn will benefit organisations and their workforces, regardless of demographic.

This report draws on data from the current cohort of older workers, but does not seek to examine generational differences. Age is a continuum that we all pass through and the insights we've gathered are applicable for generations to come. Indeed, it is successive generations that will likely work the longest careers and the ones who will benefit most from inclusive practices and a world of work that's better designed to enable everyone to work for as long as they want or need to. Where sample sizes allow, we include Scottish graphs and trends, but it is worth emphasising that there is very little variance in the patterns found between Scottish and UK-wide data.

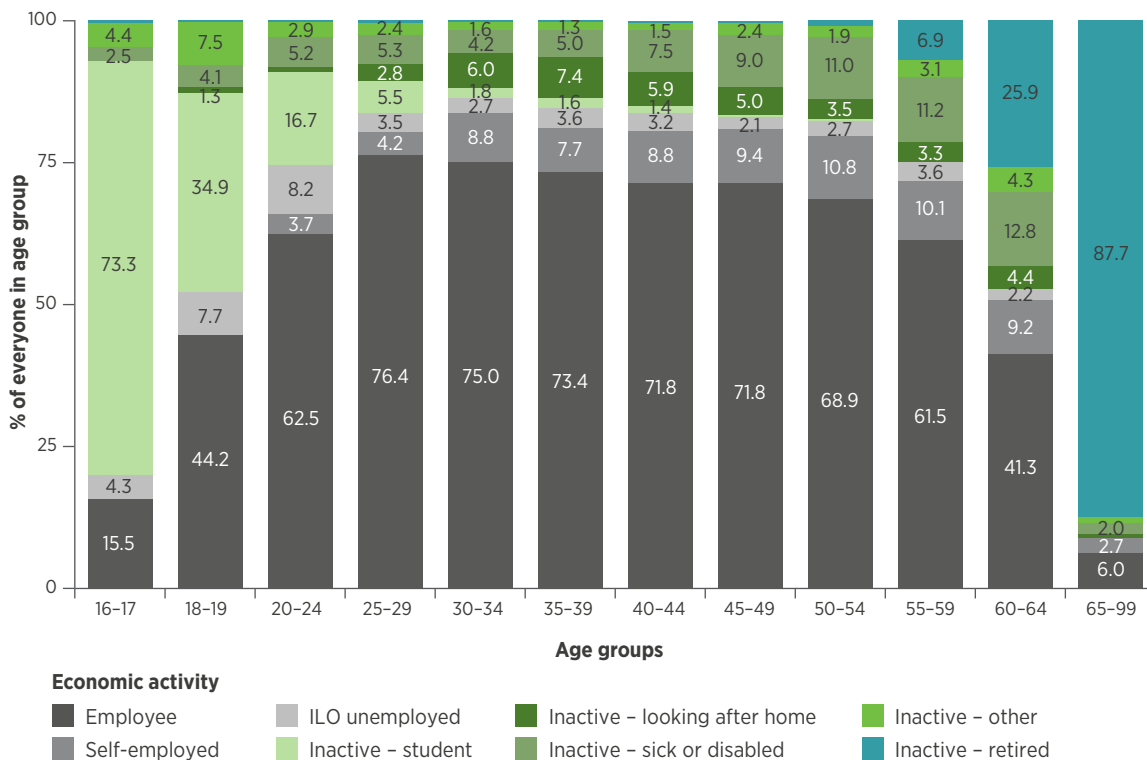
2 The economic status of older workers

The lifecycle

There is a natural ebb and flow to the lifecycle of our working and non-working lives. This is captured in Figure 1, which breaks down economic activity in Scotland by age.

We spend the first few years building our skills through education before entering work. There are high rates of inactivity among younger ages, particularly the category 'inactive – student'. We spend the middle part earning and saving for retirement. For many, there are periods away from the labour market. This is when 'inactive – looking after family and home' peaks. As we get older, there are higher rates of self-employment. Inactivity due to sickness and disability starts to increase. At some point, we transition out of the labour market into retirement. For some, this is straightforward and happens when they plan to retire. Others pass first through an intermediary inactivity stage (for example 'inactive due to sickness or disability'). A small but significant proportion of us continue to work after the traditional retirement age.

Figure 1: Economic activity, by age band (Scotland)¹



CIPD analysis of APS July 2020 – June 2021
 We have combined the categories ‘unpaid family worker’ and ‘Government training scheme’ with ‘Employee’. Labels <1% have been suppressed.

Figure 1 is a helpful abstraction of this lifecycle but hides a variety of experiences. Many people spend time away from the market economy when they enter an ‘inactive’ state but are still working, typically taking on household or caring responsibilities – a burden that falls particularly on women.

Note on official statistics

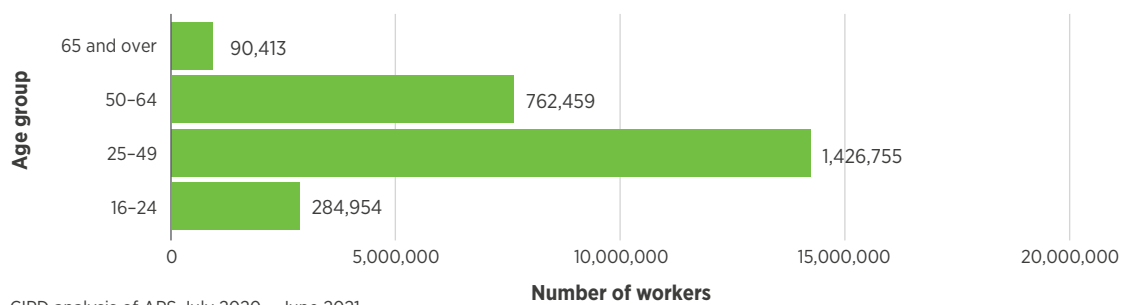
Note that many official statistics, such as the employment and unemployment rate, use an age range of 16–64. This international standard (based on historical legacy) means statistics are comparable across time and countries, but are increasingly anachronistic in a world where more people transition into the labour market later than age 16, and more people transition out after the age of 64. These statistics are widely used to inform policy and shape public understanding of the economy through their extensive media coverage. However, their construction is completely blind to people above 65 (it essentially cuts off the final bar of Figure 1). Although it is possible to construct bespoke statistics – as we have done in this report – the defaults garner much more attention and this is problematic for policy and public understanding of the importance of older workers.

Size of the older workforce

Older workers are projected to account for a larger proportion of the workforce over the next few decades, but even today they are a sizeable share of Scotland's labour market. Figure 2 shows that over 852,000 older workers account for a third (33.3%) of the Scottish workforce – roughly the same percentage as UK-wide (32.6%). There are more than 90,000 workers over the age of 65.

It is therefore imperative that employers and policy-makers understand this section of the labour market, from an immediate talent retention point of view, but also for longer-term workforce sustainability. After all, creating age-inclusive workplaces will benefit younger cohorts of workers in the future.

Figure 2: Workers, by age (Scotland)

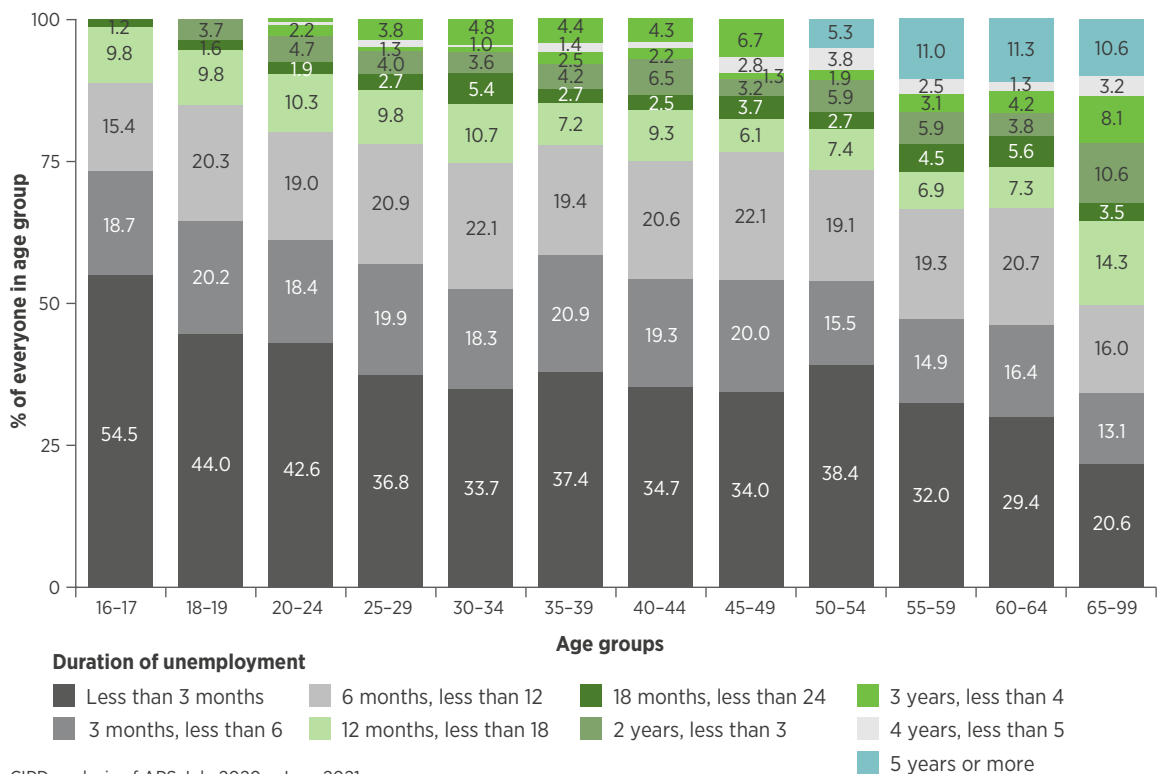


CIPD analysis of APS July 2020 – June 2021

Long-term unemployment

Looking at the non-working categories, first unemployment, then inactivity, although a higher proportion of younger workers are unemployed (as seen in Figure 1), they churn in and out of unemployment relatively quickly. When older workers experience a spell of unemployment, it is more likely to persist for longer (Figure 3).

Figure 3: Duration of unemployment, by age group (UK)



CIPD analysis of APS July 2020 – June 2021

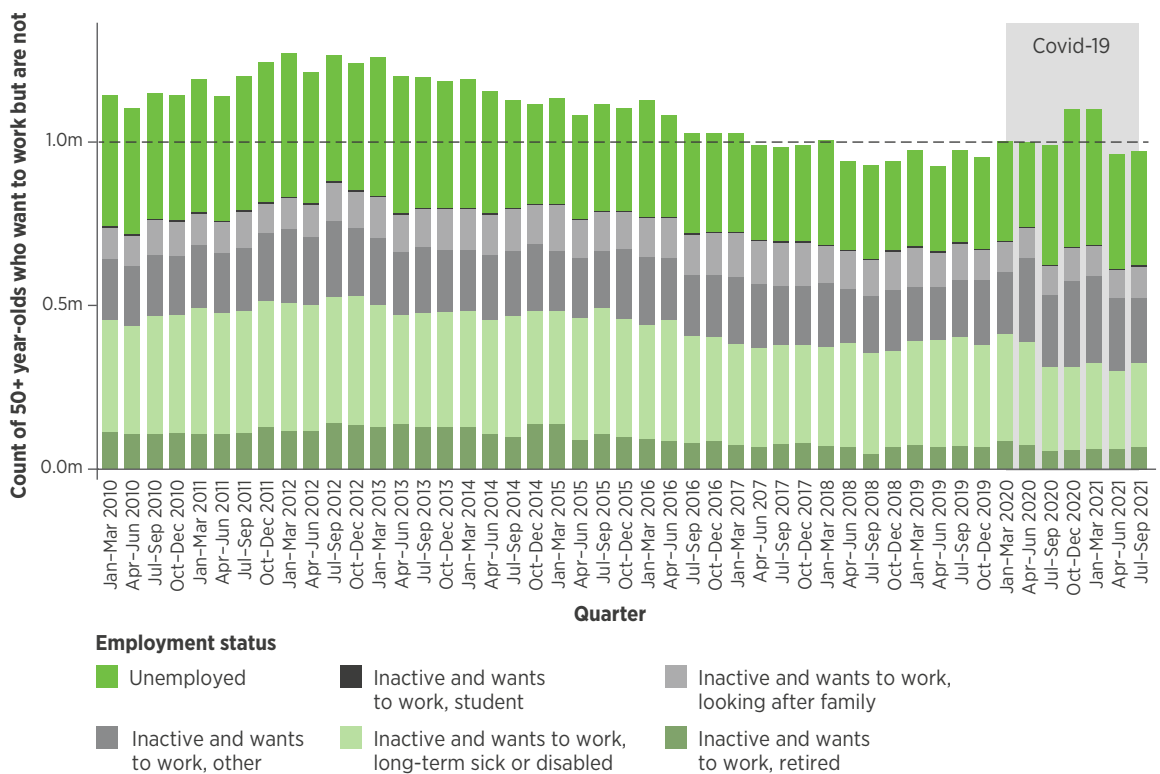
The missing million older workers

In 2017 the Department for Work and Pensions (DWP) published the *Fuller Working Lives* report, which talked of a missing million older workers. These are people who want to work but are currently not working. This includes the unemployed (by definition looking for work), who make up about a third of this number, and inactive, who make up the other two-thirds.

The DWP calculation used an age range of 50–64, but our analysis does not put an upper limit on the age. Since the DWP’s 2017 report, the numbers have fluctuated a bit (they are clearly cyclical, rising when unemployment rises), but the estimate of 1 million missing workers is relatively accurate over time. The number currently stands just shy of 1 million at 974,055 (Figure 4).

Similarly in Scotland, the figure has hovered around 100,000 workers over the last two years. This is a considerable number of people who could account for around 4% of the workforce if they were to find employment. Removing barriers to employment for this group of people should be a priority. The ultimate policy aim is to enable everyone who would like to work to do so.

Figure 4: Older people not working, but would like to work (UK)²



CIPD analysis of LFS Jan-Mar 2020 – Jul-Sep 2021

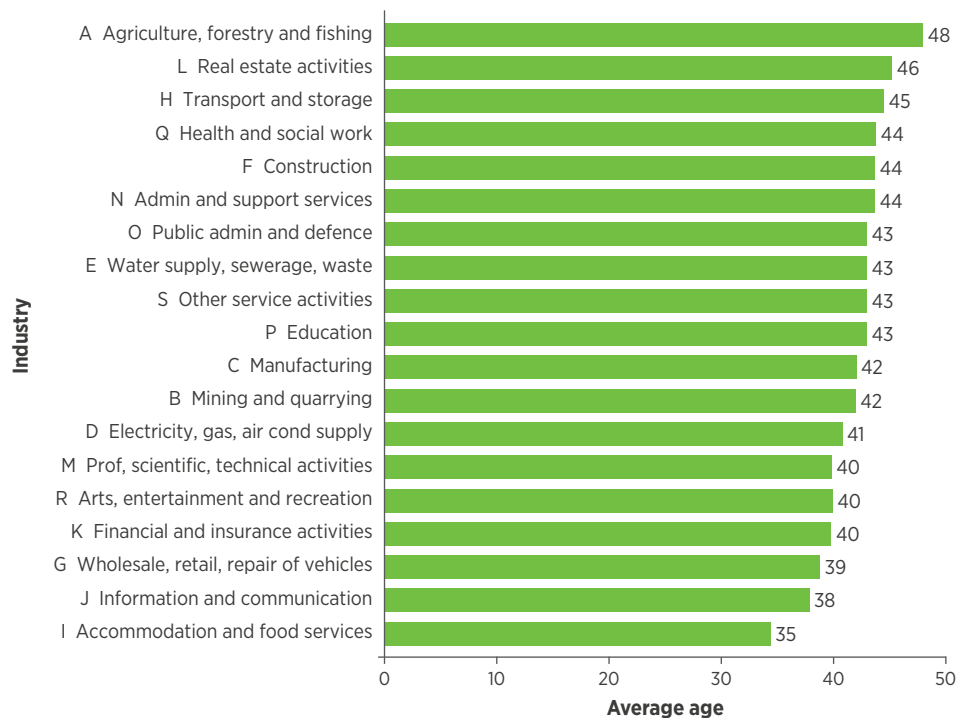
3 Where do older people work? Older workers by industry

This section looks at the age profile of industries across Scotland, which, as expected, differ markedly. An industry like agriculture is top heavy. It has an average age of 48 (Figure 5), and over half – 53.8% – are over 50 (Figure 6). At the other extreme is hospitality, which is bottom heavy. This industry has an average age of just 35 (Figure 5), and only 21.5% of people are over 50 (Figure 6). Extending working lives will clearly require an industry lens to understand the needs and preferences of different groups. It is worth emphasising that there is very little difference between the Scottish and UK-wide percentages here.

On the one hand, industries with older average ages are at greater risk of a mass exodus as people transition into retirement. However, there may be lessons to be learned from these industries about accommodating older workers. Employers with this sort of workforce age profile should be developing their talent pipeline by building links with education providers, identifying the key selling points for careers in their sector and focusing on improving job flexibility and progression opportunities.

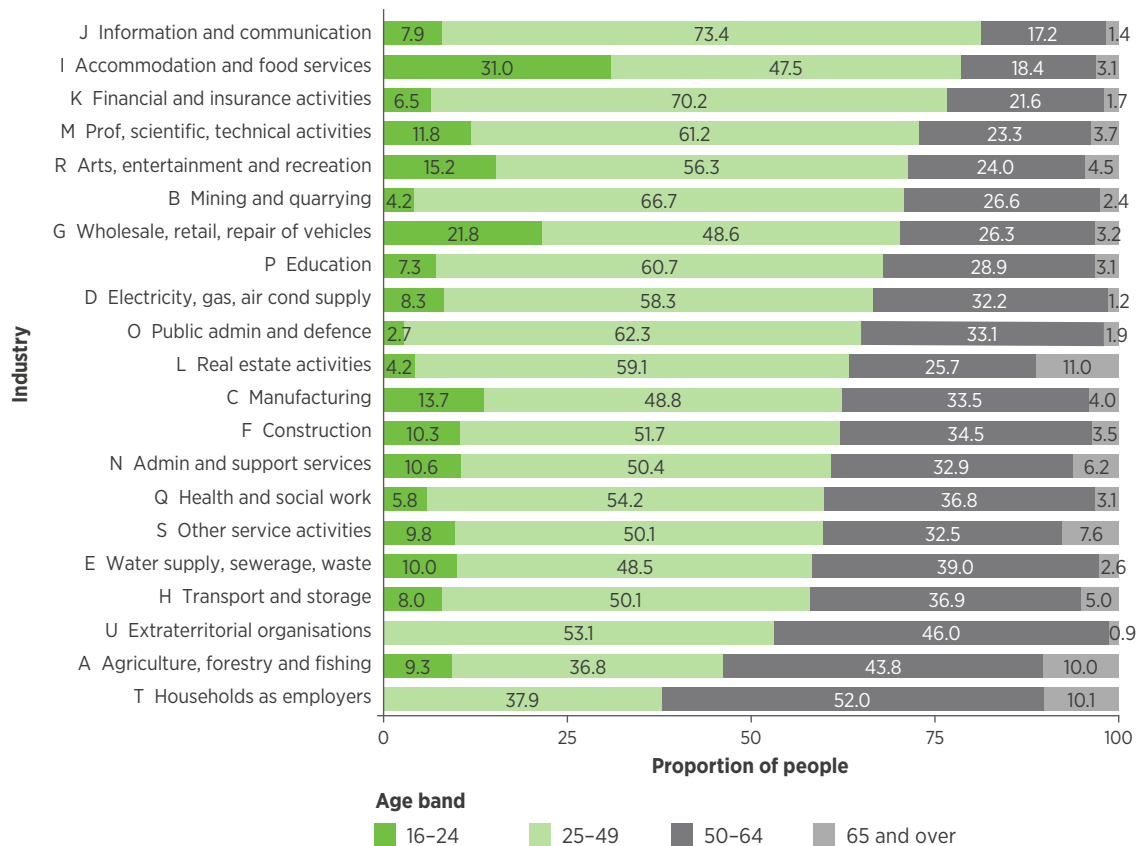
Industries with lower average ages may be less exposed to a looming demographic crunch, but they are losing out on a vital source of talent. They are also likely to be increasingly affected by skill and labour shortages unless they can improve how they attract and retain older workers. This means developing inclusive recruitment practices, for example not requiring candidates to have qualifications for jobs where they are not required in practice. It also requires employers to focus on training managers to support health and wellbeing, as well as providing flexible jobs and access to occupational health services.

Figure 5: Average age, by industry (Scotland)



CIPD analysis of APS July 2020 – June 2021

Figure 6: Age breakdown, by industry (Scotland)



CIPD analysis of APS July 2020 – June 2021

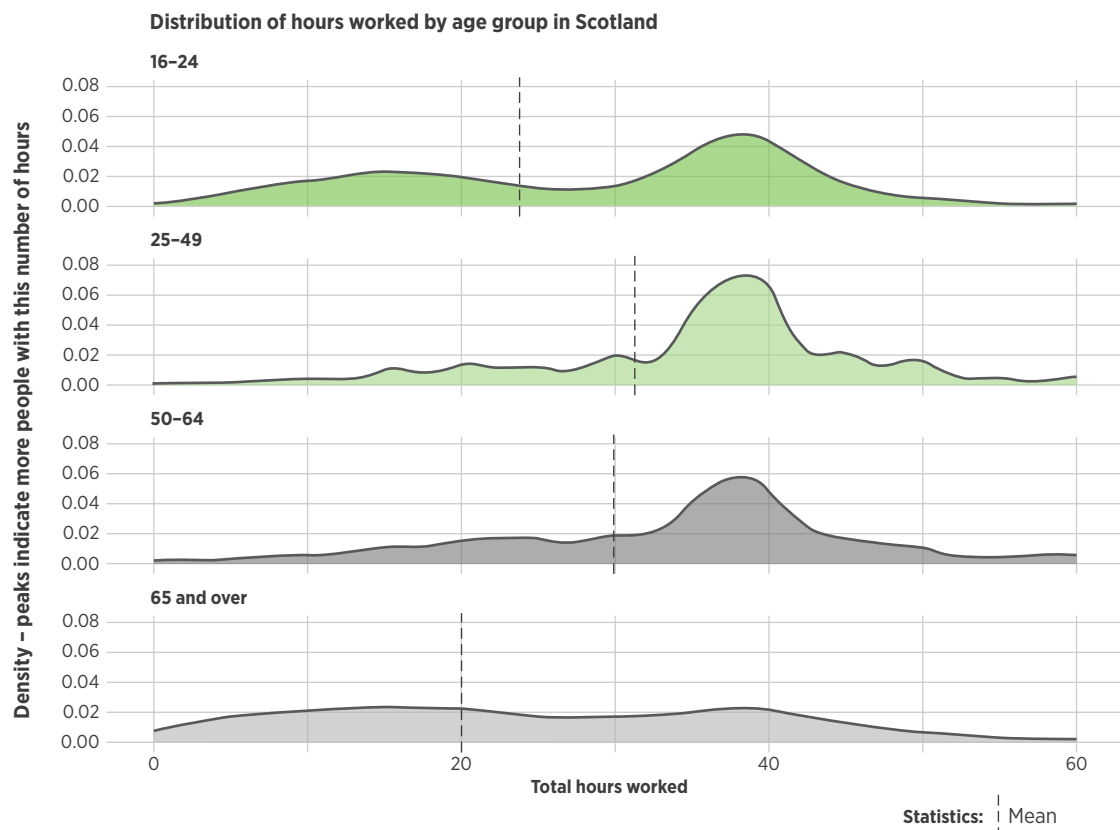
The following section goes on to look at differences in working patterns by age.

4 Hours and earnings

Hours

Figure 7 looks at the total weekly hours worked by broad age groups across Scotland. The oldest workers in the 65+ age group have a flat distribution, indicating a range of hours worked – mostly part-time – with an average of just over 20 hours a week. There is little difference between the 25–49 age group and the 50–64 age group. The older group has a slightly lower average, but the distribution is similar, with many working the equivalent of a full-time five-day week. We also see a higher proportion of part-time working for the youngest 16–24 age group.

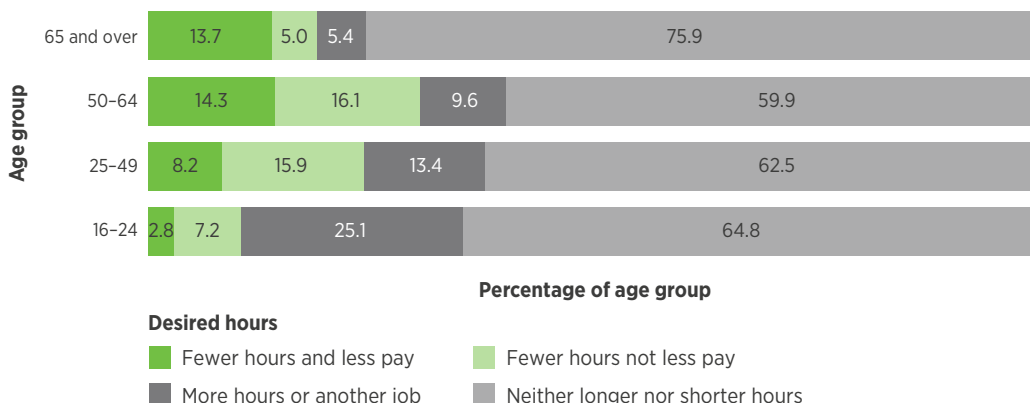
Figure 7: Hours worked, by broad age group (Scotland)



CIPD analysis of LFS Apr–Jun 2021

The next question is whether this pattern of hours suits older workers (Figure 8). Just under a third (30.4%) of Scottish workers aged 50–64 would like to work fewer hours, though only 14.3% would do so for less pay. The majority of older workers are happy with their hours, but the 50–64 age group has the highest levels of dissatisfaction. These findings suggest that a considerable proportion of older workers can't access reduced hours as a flexible work option that they are looking for, and providing additional flexibility could help with retention and recruitment.

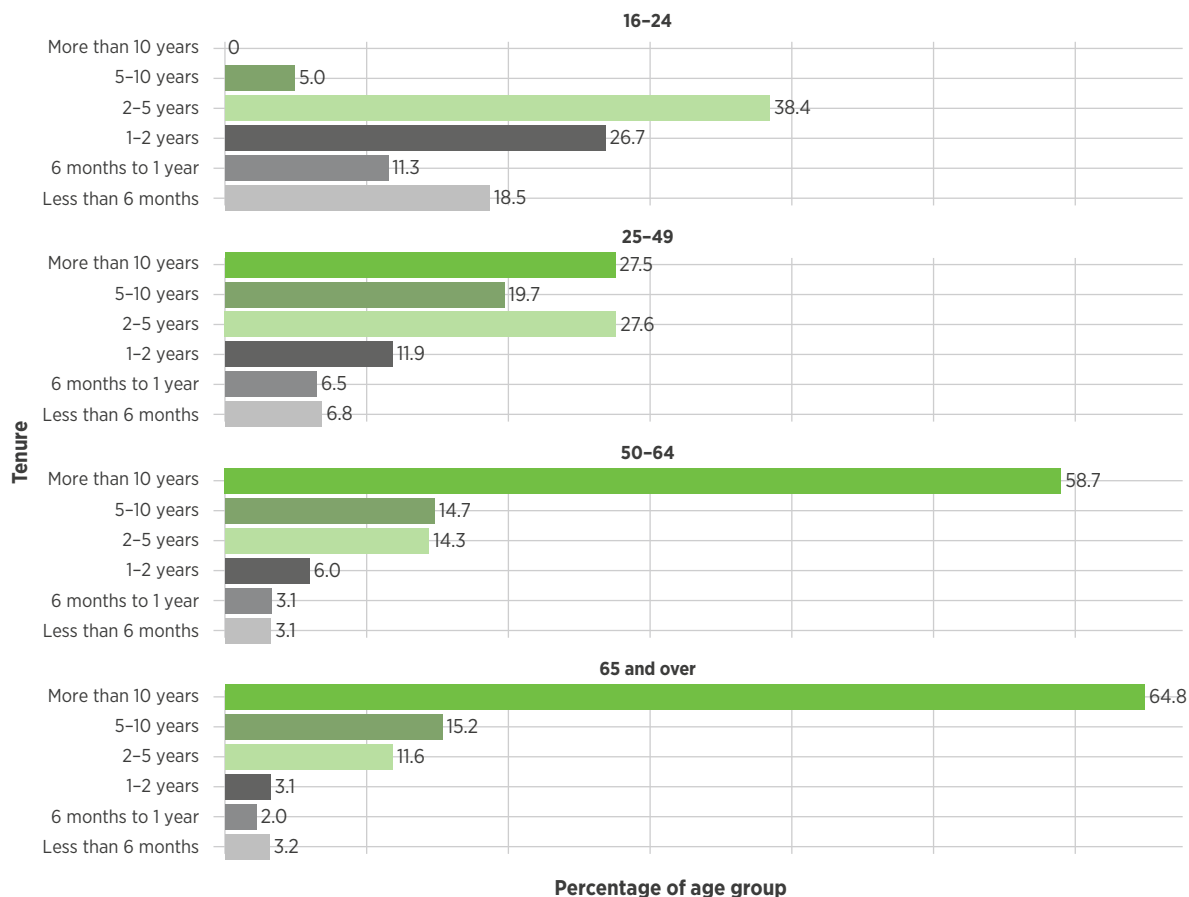
Figure 8: Wants fewer/more hours (Scotland)



CIPD analysis of LFS Apr-Jun 2021

Older workers naturally have the longest tenures. Over half of 50-64-year-olds have been with their employer for over a decade. The vast majority have a tenure greater than six months (when they can request to work flexibly). This suggests that they are either requesting more flexible working and employers are denying it, or they are not requesting it. Many companies have a cultural norm of five days a week, which may have an impact here. The data suggests that employers need to be mindful of the preferences of older workers (indeed all workers) around hours worked and consider flexible working requests, particularly around reducing hours.

Figure 9: Tenure, by age (Scotland)



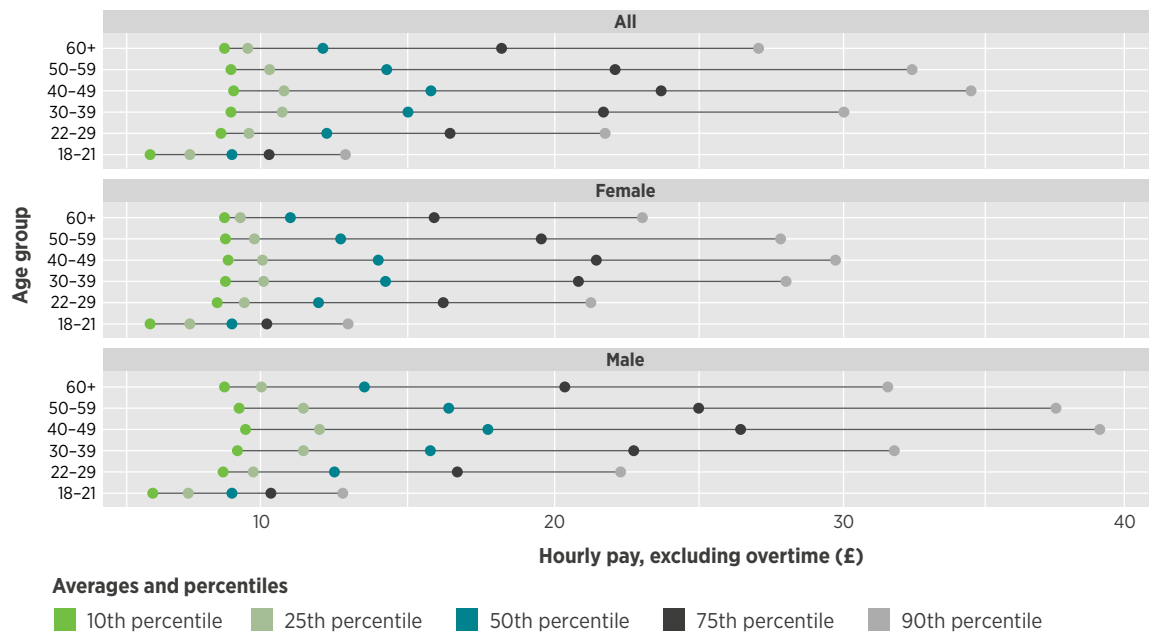
CIPD analysis of LFS Apr-Jun 2021

Earnings

The median worker (50th percentile) has higher earnings in their 40s than in their 50s, and for women, median earnings are higher in their 30s than in their 40s. In fact, for many, peak earnings occur decades before retirement age.

Though earnings change with age, perhaps of more importance is the large spread of earnings at any age. Intragenerational differences in pay are larger than intergenerational differences. This underlines the significant differences between occupational classes when it comes to pay as well as broader job quality. Research tells us that our occupation is still the most likely determinant of our job quality.

Figure 10: Pay distribution, by age and gender (UK)



CIPD analysis of ASHE 2020

Source: ASHE³

5 Flexible working

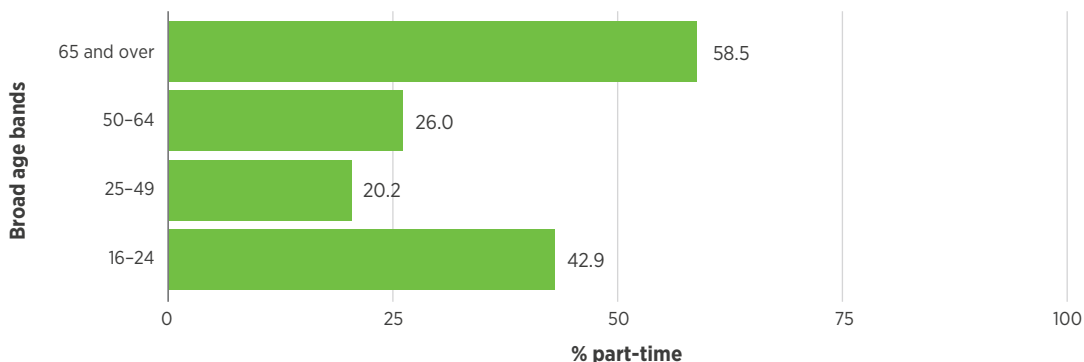
The flexibility in hours worked or location of work has understandably become a pertinent topic for researchers, policy-makers and employers. The COVID-19 pandemic has resulted in the biggest homeworking experiment this country has ever seen. There are indications that some of this flexibility is here to stay, but there are interesting flexible working patterns in the context of the ageing workforce that predate the pandemic.

Part-time working

Many older workers do voluntarily reduce their hours towards the end of their careers and statistics show that they have much higher rates of part-time working, especially those aged 65+ (Figure 11). Some of this is linked to adult caring responsibilities, which also increase by age, but also the concept of semi-retirement, where older workers trade full-time pay for better work-life balance.

However, many older workers would still prefer shorter hours regardless of pay. This suggests there is still not enough flexibility to fully cater to older workers' preferences and employers should be more willing to consider requests for reduced hours.

Figure 11: Part-time workers, by broad age group (Scotland)



CIPD analysis of LFS Apr-Jun 2021

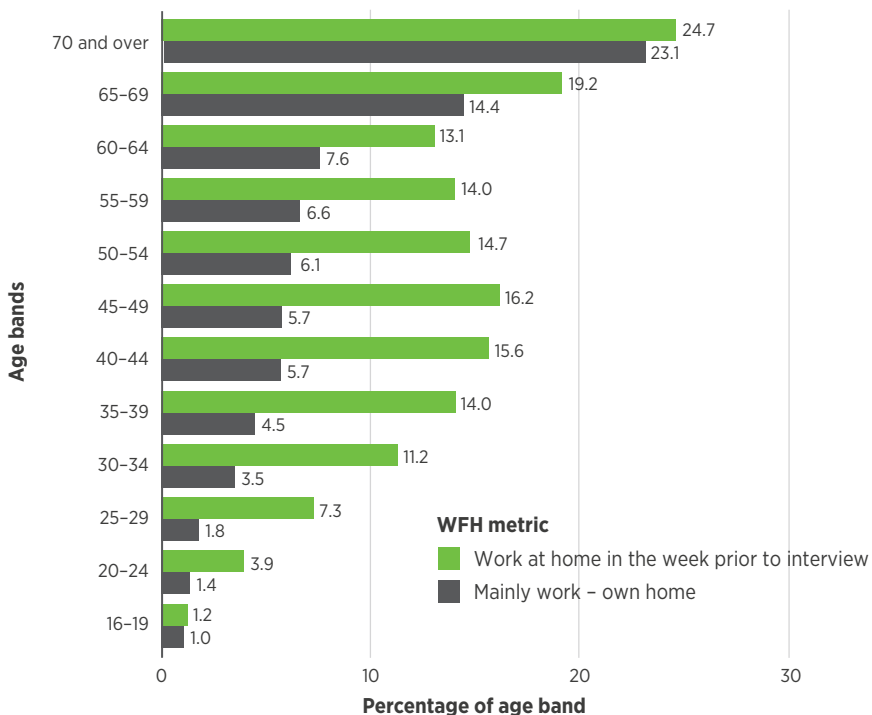
Homeworking

Given that new post-pandemic ways of working are not yet fully embedded, we have used pre-pandemic data from 2019 to look at underlying homeworking preferences by age.

Figure 12 shows that working from home exclusively increases with age and is particularly important for the post-65 age groups. The other metric – worked at home in the week prior to interview – gives us a good indication of the general level of hybrid working. For most workers this peaks around middle age, but is also more prevalent in the 65+ cohorts. This is a good indication that more flexibility is key to retaining as well as attracting older workers. The shifts in employer attitudes throughout the pandemic therefore provide a good opportunity here.

Notably, the youngest groups did very little homeworking pre-pandemic. This is primarily because younger employees are more likely to work in sectors where homeworking is much less prevalent.

Figure 12: Working from home, by age (UK)⁴

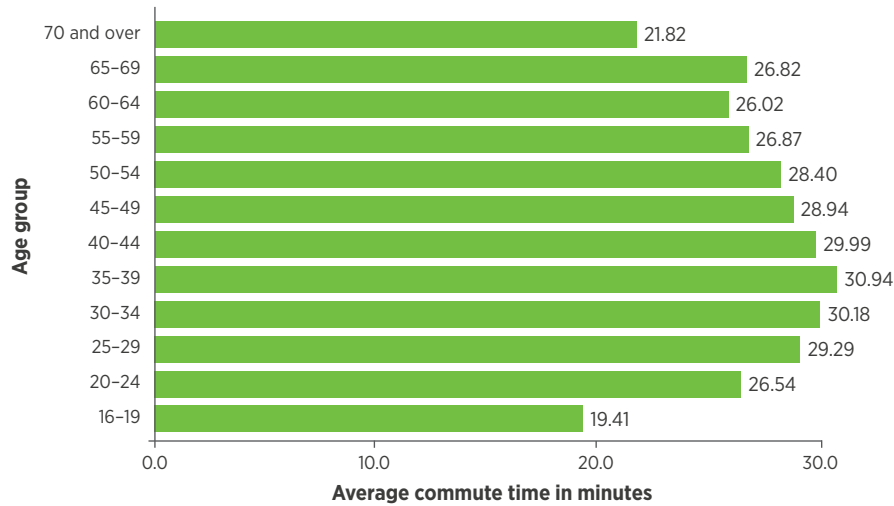


ONS analysis of APS Jan-Dec 2019 data

Source: ONS

Closely linked to hybrid working is the commute. The average commute time peaks in the early 30s (Figure 13). The reduction in commuting time for older workers suggests that long commutes are a negative aspect of work that older workers are keen to reduce

Figure 13: Average commute time (UK)



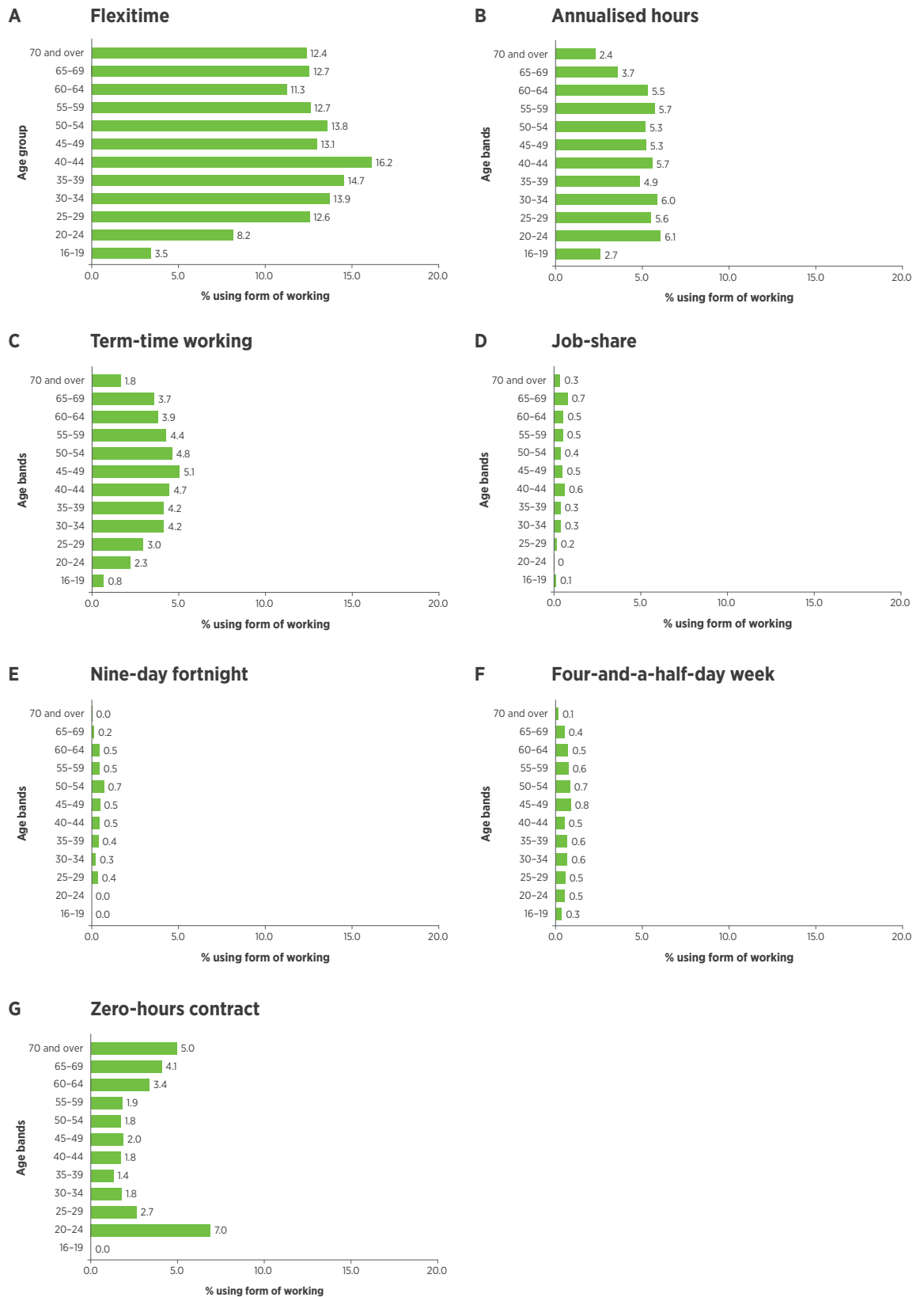
CIPD analysis of LFS Oct-Dec 2020

Other flexible working policies

Part-time working and homeworking are the most used forms of flexible working. But of course, there is a broad range of other flexible working policies. Figure 14 shows the uptake of other flexible working policies broken down by age group.

The horizontal axis is kept on the same scale (0-20%) for all panels, which helps to demonstrate that some flexible working policies are used much more than others. It is difficult to discern many patterns between these other types of flexible working and age, though older workers are slightly more likely to be on a zero-hours contract. The nature of zero-hours contract arrangements means they are likely to suit some older workers who want maximum flexibility so they can choose to work only when it suits them. This shows again that flexibility is craved by older workers and employers should consider such requests.

Figure 14: Other flexible working policies (UK)



CIPD analysis of LFS Jul-Sep 2021

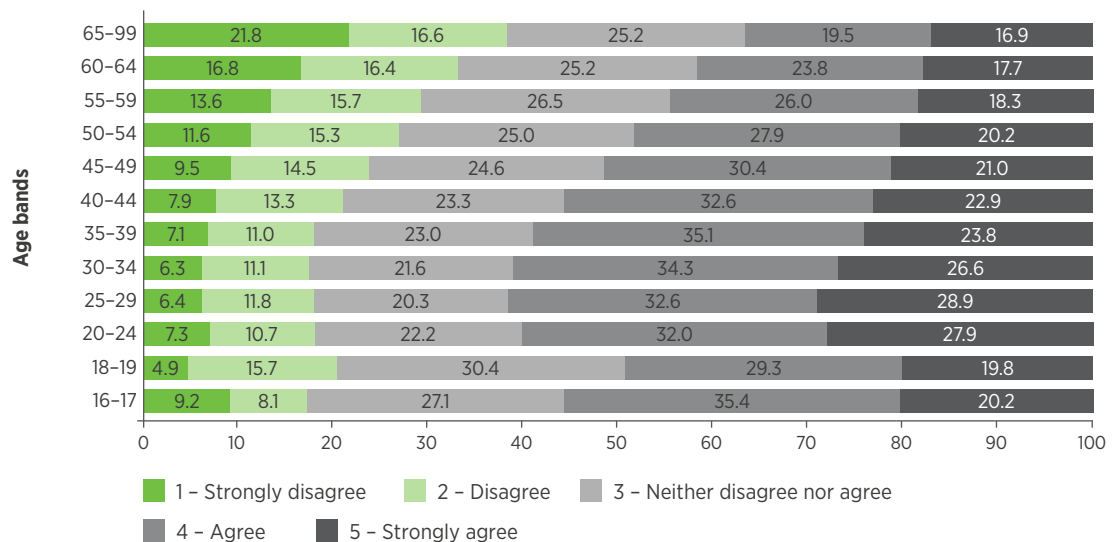
6 Progression and training

In tight labour markets, people professionals need to look at a range of strategies to attract talent beyond basic salaries or benefits packages. Applicants are increasingly interested in skills and career development opportunities – key elements of job quality.

A new question in the Labour Force Survey asks employees how they feel about opportunities for career progression in their job. Figure 15 shows that there is a clear relationship between perception of career progression opportunities and age, whereby almost 22% of the oldest employees strongly disagree that their job offers good opportunities for career progression.

Figure 15: Career progression opportunities (UK)⁵

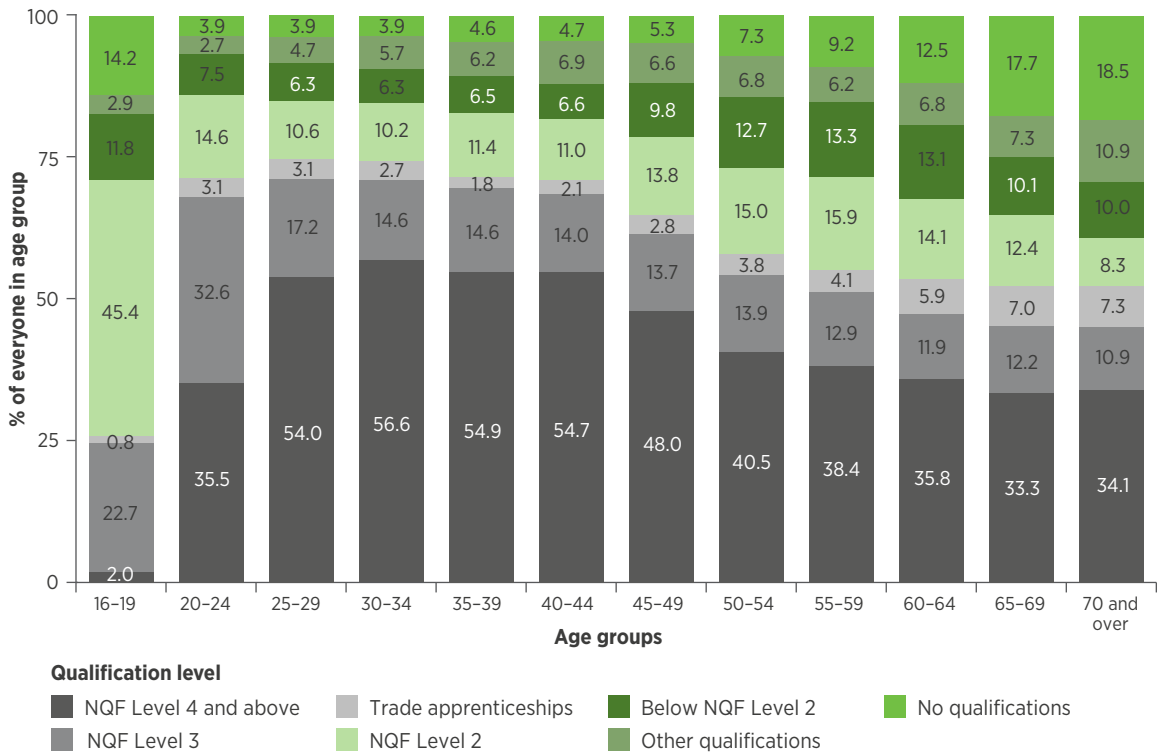
On a scale of 1 to 5, with 1 being 'strongly disagree' and 5 being 'strongly agree', to what extent do you disagree or agree with the following statement: 'My job offers good opportunities for career progression'?



Source: Annual Population Survey Jan-Dec 2020

Excepting younger people (those approximately 16-24 still in the process of gaining qualifications), older people have the lowest rates of formal qualifications (Figure 16). Formal qualifications are not, of course, a direct proxy for skills. This change represents increased time in education for more recent generations, including higher participation in tertiary education. Older workers are therefore less likely to apply for vacancies advertised with formal qualification requirements. Skills-based requirement is therefore a real opportunity to tap into this cohort.

Figure 16: Qualifications, by age (UK)



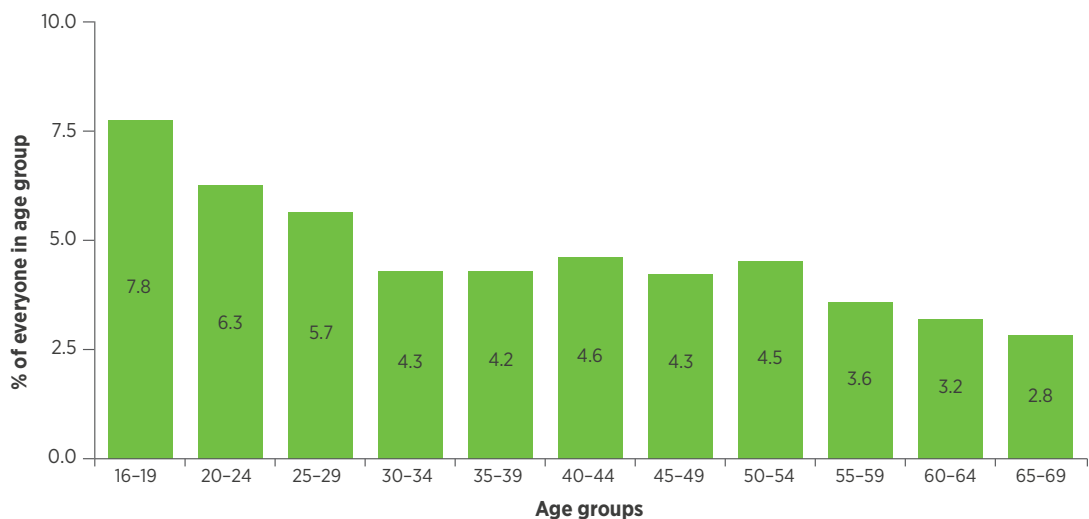
CIPD analysis of LFS Jul-Sept 2021

We have chosen to focus on off-the-job training as much as on-the-job training as it shows a more substantial commitment to invest in a worker. Figure 17 summarises our findings broken down by age. The pattern clearly shows older workers participating less in training.

As with career progression, much of this is a reflection of the stage of an employee’s career. However, it can also point to gaps in skills development opportunities – on an employer as well as public policy level. The CIPD has long argued that skills investment needs rebalancing, with lifelong learning given much more prominence in light of the economic trends on the horizon.

Figure 17: Off-the-job training attendance, by age (UK)

Attended off-the-job training in the past four weeks, by age group



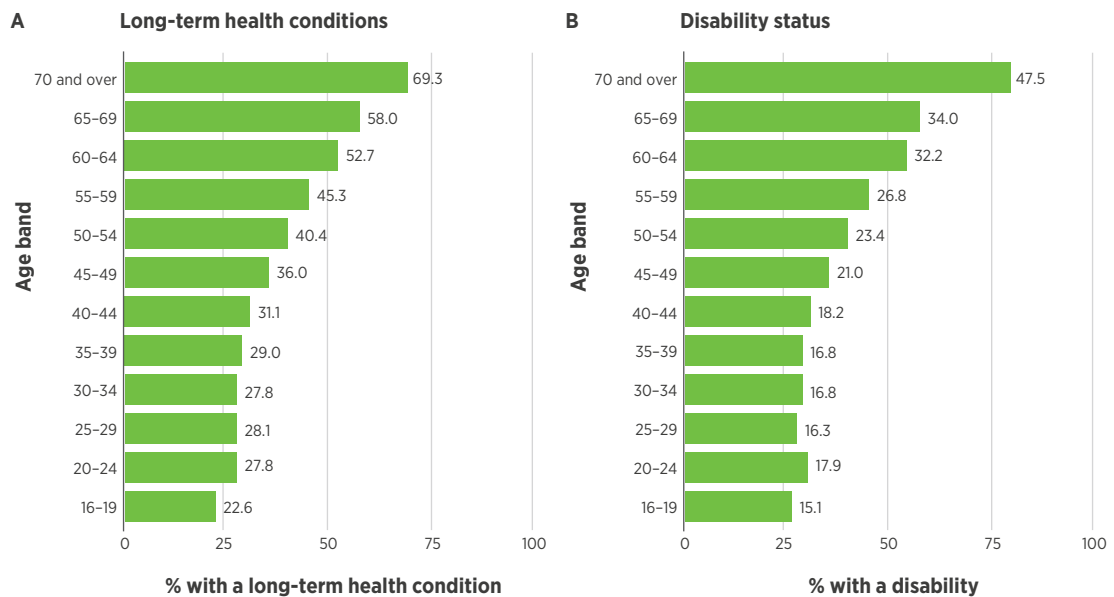
CIPD analysis of LFS Jul-Sept 2021

This question is asked to all in employment or in receipt of education/training

7 Long-term health conditions and disability

Both long-term illness and disability are a function of age, with the higher ages experiencing the greatest prevalence (Figure 18).

Figure 18: Health conditions and disability, by age (UK)



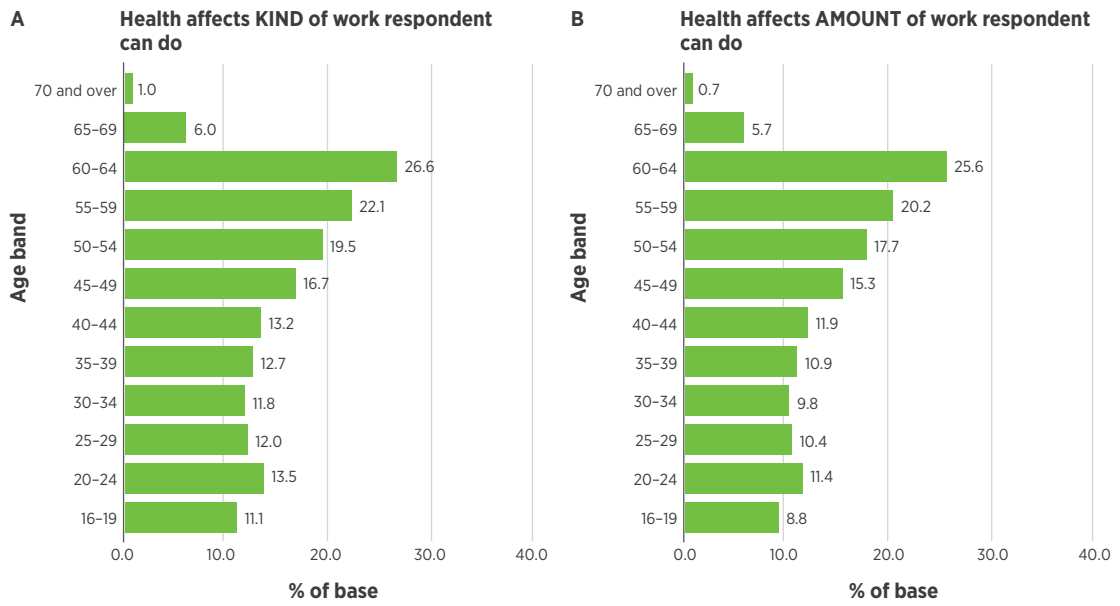
CIPD analysis of LFS Apr-Jun 2021

CIPD analysis of LFS Apr-Jun 2021

Though 65+ age groups have the highest rates of long-term illness, this is less likely to limit the type and kind of work they can do because so many in this group are not actively looking for or would like to work, as seen in Figure 19. After all, this is what retirement is designed to do, covering the period of our lives when we are no longer able to work.

However, around one in four workers are reaching the point at which a health condition limits the work they can do before they reach retirement age. Some will exit the labour market early while others will be limited in the kind and amount of work they can do. Employers have a key role to play here, especially by making reasonable adjustments that facilitate people working with a health condition.

Figure 19: Health condition affects work (UK), by age



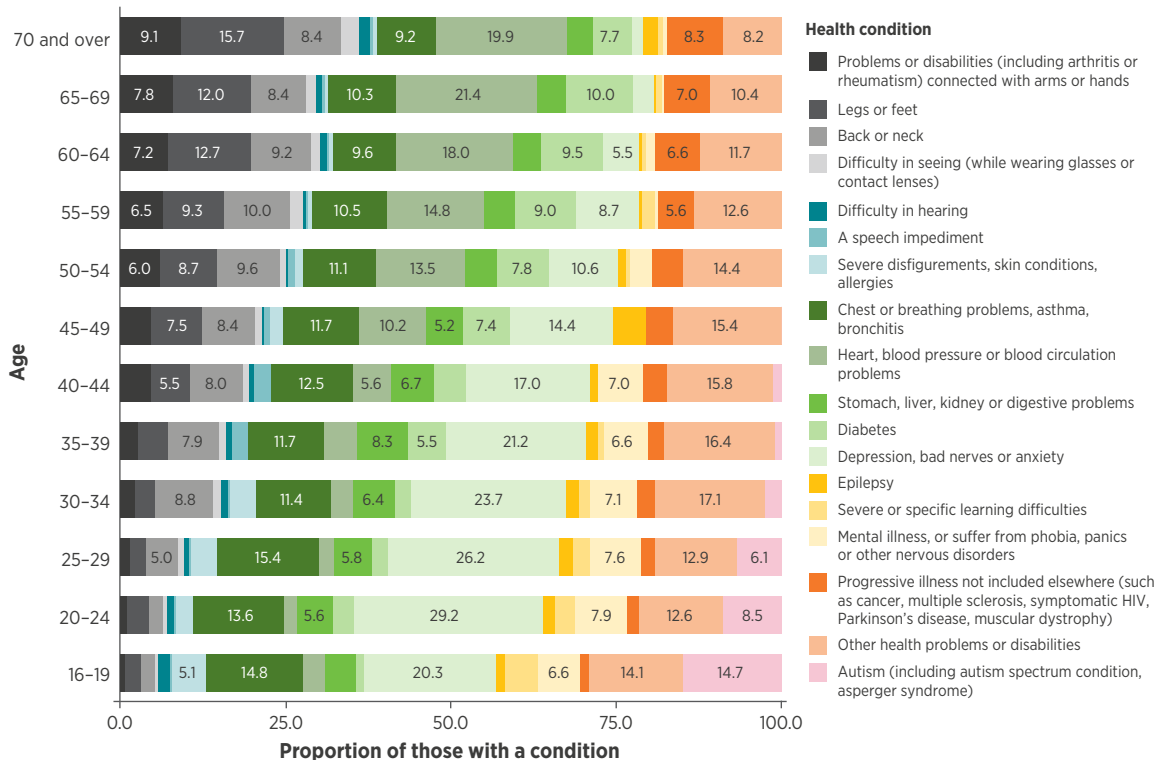
CIPD analysis of LFS Apr-Jun 2021

CIPD analysis of LFS Apr-Jun 2021

Base=All respondents with health problems and those of working age or pensioners looking for work or wanting work

The types of conditions that we experience change as we age. Of those with a health condition, at older ages there is a higher prevalence of cardiovascular disease, as well as problems with the legs or feet, back or neck (Figure 20).

Figure 20: Type of condition (UK)



CIPD analysis of LFS Apr-Jun 2021

To avoid crowding, the chart represses data labels <5%

Facilitating health conditions

Rising life expectancy is a natural outcome of better health at older ages, which also translates into an ability to work longer. However, having longer, healthier lives is a difficult policy objective for governments to target.

General prosperity raises living standards and therefore improves health and life expectancy. This can be thought of as a tailwind facilitating people to work longer. It is certainly in the interest of both governments and employers for employees to stay healthy and working for longer.

To support the health of older workers, employers should ensure they have health and wellbeing strategies in place and the necessary policies, training and support to underpin these. This includes equipping line managers with key 'soft' people management skills to support people effectively, ensuring age inclusion and providing access to flexible working arrangements.

Early access to occupational health services, for example on day one of absence, for workers who have recurrent or long-term health conditions, is the most effective way of treating such problems and preventing them from worsening. Employers must also ensure the provision of reasonable adjustments for those with a disability or long-term health condition.

Health and wellbeing is not just an issue for older workers. If employers and the Government want healthy and active older workers, they need to support the health and wellbeing of the entire workforce. The provision of occupational health support to workers in their 20s and 30s, for example physiotherapy to those with musculoskeletal problems, can prevent such conditions becoming chronic in later life.

8 Conclusions

People are living longer, and the proportion of older workers in the Scottish workforce is increasing. This means that employers will need to improve how they attract, manage and develop people as they age. This is particularly the case against a backdrop of technological change, rising skill and labour shortages, and more restrictive immigration policies.

Flexibility

Older workers are even more likely to value flexibility than their younger colleagues and are more likely to want to work fewer hours, as evidenced by higher rates of homeworking, part-time working, and self-employment. Older people are also much more likely to have caring responsibilities. This underlines the importance of ensuring employers take steps to increase the availability and range of flexibility as a means of both attracting and retaining workers as they get older.

Making the right to request flexible working a day one right, which the UK Government is currently consulting on, together with other tweaks to the legislation, would help boost the provision and uptake of flexible working. This is something the CIPD has been calling for via our Flex From 1st campaign.

Health and wellbeing

Flexible working can help older workers affected by health conditions remain in employment or find suitable work. More than half of workers have a long-term health condition by the time they reach 60, and a third are affected by some form of disability

(Figure 18). While only a quarter of older workers over 60 say that their health limits the type or amount of work that they can do, too many workers leave employment by this age because of poor health.

Employers and policy-makers must take steps to support the health of workers throughout their working lives, to maximise their chances of enjoying a healthy and active life as they get older. For example, the provision of timely access to occupational health services to workers in their 20s and 30s who suffer from back pain or other musculoskeletal problems would mean that steps can be taken to reduce the likelihood of these conditions becoming chronic.

Skills and training

Another area where a holistic focus by employers will benefit workers across the age spectrum is access to training and development. This report shows that older workers are most likely to disagree that there are good opportunities for progression in their role and are also less likely to take part in formal off-the-job training.

Employers, and particularly managers, should guard against assumptions that older workers are less likely to be interested in training or career progression. The impact of technology on jobs will increasingly mean workers will need to upskill or reskill at different stages in their career. This demand will be compounded by more people working into their late 60s and early 70s.

Employer investment in workplace training has been in long-term decline, while public investment in lifetime learning has also been cut in recent years. Fundamental changes, such as the introduction of enhanced and buildable Individual Learning Accounts (ILAs), are required to address this. These would be designed around the principles outlined in the CIPD's *Skills to Grow* report and should primarily be targeted at adult upskilling. ILAs offer particular strengths to learners, employers and skills providers. They offer flexibility and individualisation, which enables them to be valuable and adaptable tools to support learners throughout their working lives.

Changes required to older workers statistics

Finally, there is a need to reform the default age range of 16–64 used for major labour market statistics by raising the upper age limit or removing it entirely. People will increasingly work into their late 60s and early 70s and this needs to be reflected in official statistics. However, this change would require a co-ordinated international response to ensure that UK statistics do not diverge from the international standards.

9 Endnotes

- ¹ Office for National Statistics, Social Survey Division, 2021, Annual Population Survey, July 2020 – June 2021, [data collection], UK Data Service, 2nd edition, Accessed 14 January 2022. SN: 8846, DOI: 10.5255/UKDA-SN-8846-2.
- ² Office for National Statistics, Northern Ireland Statistics and Research Agency, 2021, Quarterly Labour Force Survey, July–September 2021, [data collection], UK Data Service, Accessed 14 January 2022. SN: 8872, DOI: 10.5255/UKDA-SN-8872-1.
- ³ Data query ONS site: www.ons.gov.uk/filters/9d54c63b-4bf5-4c46-97b8-e59b8b00e716/dimensions

- ⁴ Watson, B. (2020) Coronavirus and homeworking in the UK labour market: 2019. London: Office for National Statistics. Available at: www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/coronavirusandhomeworkingintheuklabourmarket/2019 [accessed 14 January 2022].
- ⁵ These statistics were kindly provided by the ONS as they are not yet publicly available. The reference is: Office for National Statistics, Social Survey Division, 2021, Annual Population Survey, January–December 2020, [data collection], UK Data Service, 4th edition, Accessed 14 January 2022. SN: 8789, DOI: 10.5255/UKDA-SN-8789-4.



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Issued: March 2022 Reference: 8216 © CIPD 2022

