

An Investigation of Pensioner Employment

June 2016

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EXECUTIVE SUMMARY

This report explores the employment characteristics, the social and economic conditions and the opportunities and barriers for people beyond pensionable age (pensioners) who continue to work. Pensioner employment has risen consistently over the past decade, including throughout the last recession. In 2015 in Scotland, around 80,000 pensioners were in work, of which 35% were working full-time and 65% part-time. Around 61% of pensioners in work were employees whilst 34% were self-employed¹.

Other key employment characteristics of working pensioners are:

- They are mostly employees, but are more likely than any other age group to be self-employed
- The number of over-employed pensioners has grown considerably over the past decade
- Working pensioners work mainly in medium-high skilled occupations but female pensioners work considerably more in medium-low and low skilled occupations than male pensioners
- There are relatively higher gender pay gaps in older age groups
- More women than men have caring responsibilities across all age groups, with the exception of the over 75s

Over half of workers over state retirement age in Scotland report that they are not ready to stop working yet (57%)². Other reasons for pensioners choosing to remain in work include:

- Income to help cover essential items, such as bills (13%)
- To boost pension income (8%)
- People wanting to continue to use their skills and/or employers needing those skills (7%)
- Income to help cover discretionary spending (6%)
- Other (20%) including opportunities to work flexible hours, desire to stay mentally/physically fit and a wide range of personal reasons

Between 2004 and 2015, pensioner employment rose by 94%, whilst the employment rate increased from 5.2% to 8.2% over the same period. This rise in pensioner employment has highlighted a need to explore the social and economic risks and benefits of working beyond state pension age and to understand the reasons why more people are choosing to work into retirement. One of the main reasons for this is likely to be the introduction of the Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011 that abolished the default retirement

¹ The remaining 5% covers unpaid family workers.

² Regional Employment Patterns in Scotland: Statistics from the Annual Population Survey 2015 <http://www.gov.scot/Resource/0050/00500647.pdf>

age in April 2011. This prevents employers from compulsorily retiring workers once they reach the age of 65.

Scottish Government analysts have undertaken research to investigate the characteristics and conditions of pensioner employment in Scotland and assess whether there is a need for additional support for pensioners who are already working, or who want to work but find it difficult to do so.

Population ageing puts pressure on all Governments to encourage working longer, but this should be accompanied by efforts to ensure work is fair

Over the next two decades, most Western countries will face large increases in the pensioner population as a proportion of the total population. The number of pensioners in Scotland is expected to increase by around 30% between 2014 and 2040, compared to only 1% for the working age population.

However, perceptions of older people as wholly 'dependent' on the working age population are both unhelpful and not supported by the evidence. Although pensioner households are generally more reliant on cash benefits and benefits in kind than working age households, they remain substantial contributors to the public finances through income tax and indirect taxation such as VAT. Our analysis also shows that lower income retired households contribute disproportionately to indirect taxation as a percentage of their gross and disposable income.

Population ageing will, however, increase pressure on all governments to balance expenditure on the older population with tax revenues. Part of the UK Government's response to this was the legislation change to abolish the default retirement age, as noted above, and the increase in the state pension age, which will encourage people to work longer, particularly those more reliant on state support. However, the Scottish Government believes that enabling fair employment for pensioners, who want or need to work, requires a broader range of policy support.

Higher income households gain more from working beyond pensionable age but critical barriers remain for those in low income households who want to work

Working beyond retirement age has obvious financial benefits for households but good quality work can also improve individuals' health and well-being, as well as the range and quality of their social interactions. Good work should be a choice available to all, regardless of age, but in reality it is more likely to be available to people in better off households.

Analysis of income data presented in this report shows that pensioner households with the highest total income also receive the highest proportion of total income from earnings (as opposed to income from benefits or pensions):

- Within the 20% highest income pensioner households, couple households receive 34% of their total income from earnings, while single pensioners receive 20% of income from earnings.

- But within the 20% lowest income pensioner households, couple households receive only 2.4% from earned income, while single pensioners receive 2.2%.

In general, low income households are more likely to face critical health barriers to obtaining good work, and therefore remain reliant on state pension and benefits. Of adults aged 65 to 75:

- 78% in the 20% highest income households are in good or very good health, compared to only 49% in the lowest income households
- 56% in the bottom fifth of the pensioner population have a limiting long-term health condition, compared to 41% in the highest income households

People in lower income households also face lower life expectancy and expect to be healthy for less time after pension age.

State pension uprating is generous compared to working age benefits, but cash entitlement is still low

The wider economic conditions of pensioners are important when considering what financial pressures or constraints influence the decisions of low income pensioners with respect to continuing working. It is likely that there are groups of pensioners who are not too far beyond pensionable age, who are struggling on very low incomes and are unable to work.

The triple lock uprating mechanism ensures relatively generous annual increases in the state pension compared to the current UK Government's freeze on many working age benefits until 2019/20 – which will amount to a substantial cut in real terms over time. However, the current approach to the state pension reflects the fact that, relative to average earnings, state pensions in the UK are low compared to other OECD countries. The state pension suffered devaluation since the 1979 Conservative Government abolished the link between the state pension and earnings and has never recovered its previous level relative to earnings since then.

Despite state pension entitlements being low compared to other countries, poverty has decreased more steeply for pensioners than children and working age adults over the last decade; and pensioner couples are more able than low income working age households to achieve the Minimum Income Standard – the level of income required for a socially acceptable quality of life. But it is of particular concern that only between 61% and 64% of eligible pensioners were estimated to claim pension credit in 2013/14 – the benefit which guarantees a minimum level of income for the very lowest income pensioner households.

Next Steps

As can be seen from the key findings above, there are a range of concerns about aspects of pensioner employment. It is therefore proposed to explore these concerns in more detail in a second stage of analysis, which will be taken forward in coming months.

Implications for policy

The challenges of supporting people to be able to continue to work beyond pension age are similar to supporting older workers in general – flexible working to suit the employee, reduced hours where needed (each to help people balance work with caring responsibilities), retraining, and making allowances for medical appointments. This requires working with employers to help them understand the opportunities and benefits of retaining/recruiting older workers and how to do this while avoiding any negative impacts on the employers' business.

In addition, the Scottish Government is providing other forms of support on the following key issues, which are expected to improve conditions for working pensioners:

1. Health conditions are likely to be a significant barrier to work for pensioners who need additional income

- The Scottish Centre for Healthy Working Lives already provides advice to employers on supporting workers with health conditions as well as how health and wellbeing can be supported in the workplace.
- Fit for Work Scotland offer support to workers who are at risk of going off on long term sickness absence, which will particularly benefit those more at risk such as older workers.

2. High gender pay gaps for older age groups reduce work incentives for those approaching retirement

The Scottish Government has a comprehensive range of policies intended to help accelerate the long term decline of the pay gap across all age groups. Some of the policies targeting older age groups include:

- Providing further investment to health and social care partnerships to enable the Living Wage to be paid to care workers, mainly women, supporting vulnerable adults.
- Committing to establish an 'Advisory Council on Women and Girls' to advise on tackling workplace and occupational segregation and other issues relating to gender equality.
- Committing to work with employers to pilot 'Returners' scheme, which will bring experienced women back into their previous career after a break.

Scottish Government analysts are planning further analytical work on the gender pay gap to investigate what is driving a persistent pay gap in over 50s.

3. Levels of investment in training opportunities for older workers have been low for the past decade

The Scottish Government recognises the importance and value of older workers to Scotland's economy and has a range of policies intended to support older people's employability:

- Makes progress towards advancing older people's position in the labour market and boosting training opportunities for this group.
- Continues to fund short courses that lead to work or career progression.
- Continues to work closely with Skills Development Scotland (SDS), providing older workers with specific guidance and advice to get back into work or providing costs towards learning and training opportunities through Individual Learning Accounts.

4. Working pensioners are more over-employed than under-employed and therefore seek opportunities for more flexible working

The Scottish Government recognises the importance of high quality flexible options for working pensioners and is taking steps to encourage and support employers to understand the needs of working pensioners who have caring responsibilities, whether for elderly relatives or grandchildren and provide working patterns which suit those needs. In addition, the Scottish Government is an active partner in the Family Friendly Working Scotland (FFWS) Partnership.

The FFWS Partnership has taken steps to highlight to employers the support that working pensioners require, including:

- Working closely with Carers Scotland, who operate the Carer Positive scheme. The scheme has been promoted to employers regularly at employer events.
- Delivering the annual Scottish Top Employers for Working Families awards, celebrating organisations that demonstrate excellent practice in relation to family friendly and flexible working. In recognition of the importance of supporting carers, including elderly carers, one of the award categories is the 'Carers Scotland Best for Carers and Eldercare'.

INTRODUCTION

This paper investigates current trends and developments in pensioner employment, employment characteristics of working pensioners, barriers to work and the wider economic and social conditions for pensioners. The final chapter concludes with key points for consideration and implications for policy.

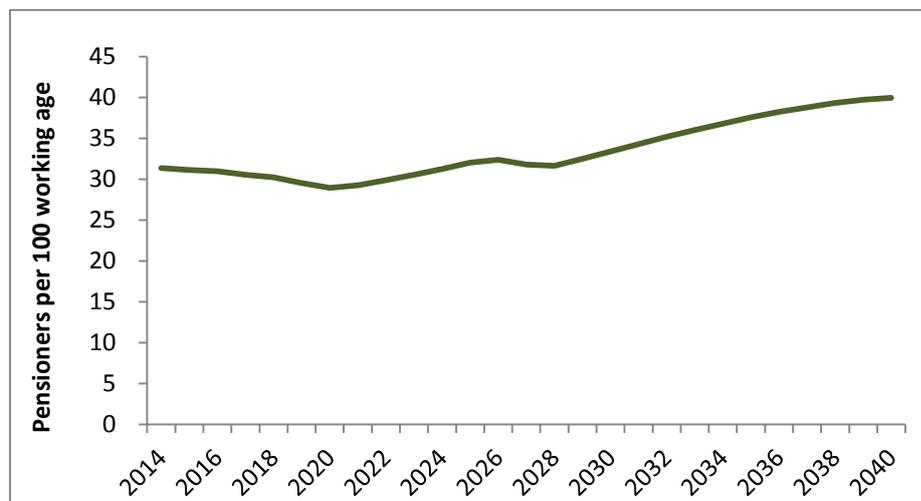
BACKGROUND

Population ageing presents a fiscal challenge to most Western countries

Due to low fertility and increasing life expectancy, the population is ageing in Scotland and most Western countries. Population projections suggest that the population above state pension age in Scotland may increase by nearly **30%** from around 1,059,000 in 2014 to around 1,367,000 in 2040. In contrast, the working age population is projected to increase by only **1%** from around 3,377,000 in 2014 to around 3,419,000 in 2040.

The chart below shows the old-age dependency ratio, i.e. the number of pensionable age people per 100 working age people. A high old-age dependency ratio indicates that a greater proportion of the population are pensioners, placing a greater pressure on the working age population to generate sufficient tax revenues.

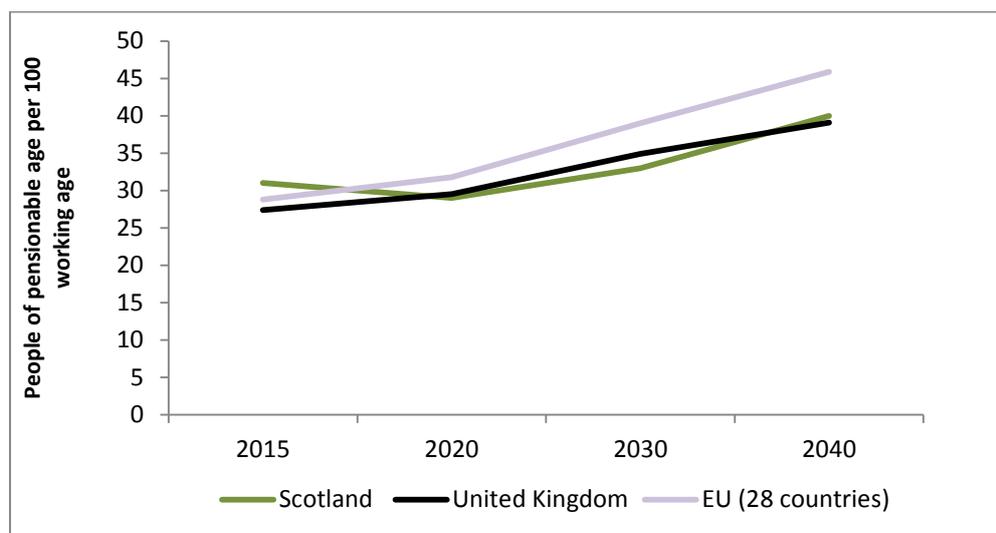
Figure 1: Projected old-age dependency ratio, Scotland 2014-2040



Source: ONS 2014 based population projections

Scotland's position is very similar to that of the UK and old age dependency ratio projections for both Scotland and the UK are estimated to be below the EU average by 2040. Figure 2 sets out Scotland's old age dependency ratio in comparison with the UK and the 28 EU countries. Scotland's projected old-age dependency ratio by 2040 is among the ten lowest across the EU.

Figure 2: Projected old-age dependency ratios, comparisons with UK and EU (not adjusted for increases in state pension ages)



Source: Eurostat, Population projections EUROPOP2013

However, as the proportion of older people increases, demand for health care increases, placing additional demand on Government and private resources. Some have suggested that population ageing may also slow economic growth, lowering overall labour market participation rates and reducing savings rates³. As state pensions and benefits are largely paid for by the working age population, ageing is expected to place considerable pressures on fiscal sustainability in the future.

The rising state pension age is extending working lives

Prior to April 2010, women reached the state pension age (SPA) at 60. Between April 2010 and March 2016 the SPA for women increased to 63 and will increase to 65 between April 2016 to November 2018. The changes do not affect the SPA for men, which remains at 65. In the UK there is already evidence that people are starting to work longer in response to increasing SPA⁴.

From December 2018, the SPA for both men and women will start to increase to reach 66 by October 2020. Under the Pensions Act 2014, the increase in the SPA from 66 to 67 has been brought forward by eight years. The SPA for men and women will now increase to 67 years between 2026 and 2028. The way in which the increase in SPA is phased in has also changed so that, rather than reaching SPA on a specific date, people born between 6 April 1960 and 5 March 1961 will reach their state pension age at 66 years and a specified number of months.

³ Bloom, D. *et al* (2010). Implications of population ageing for economic growth. Oxford Review of Economic Policy, 26.

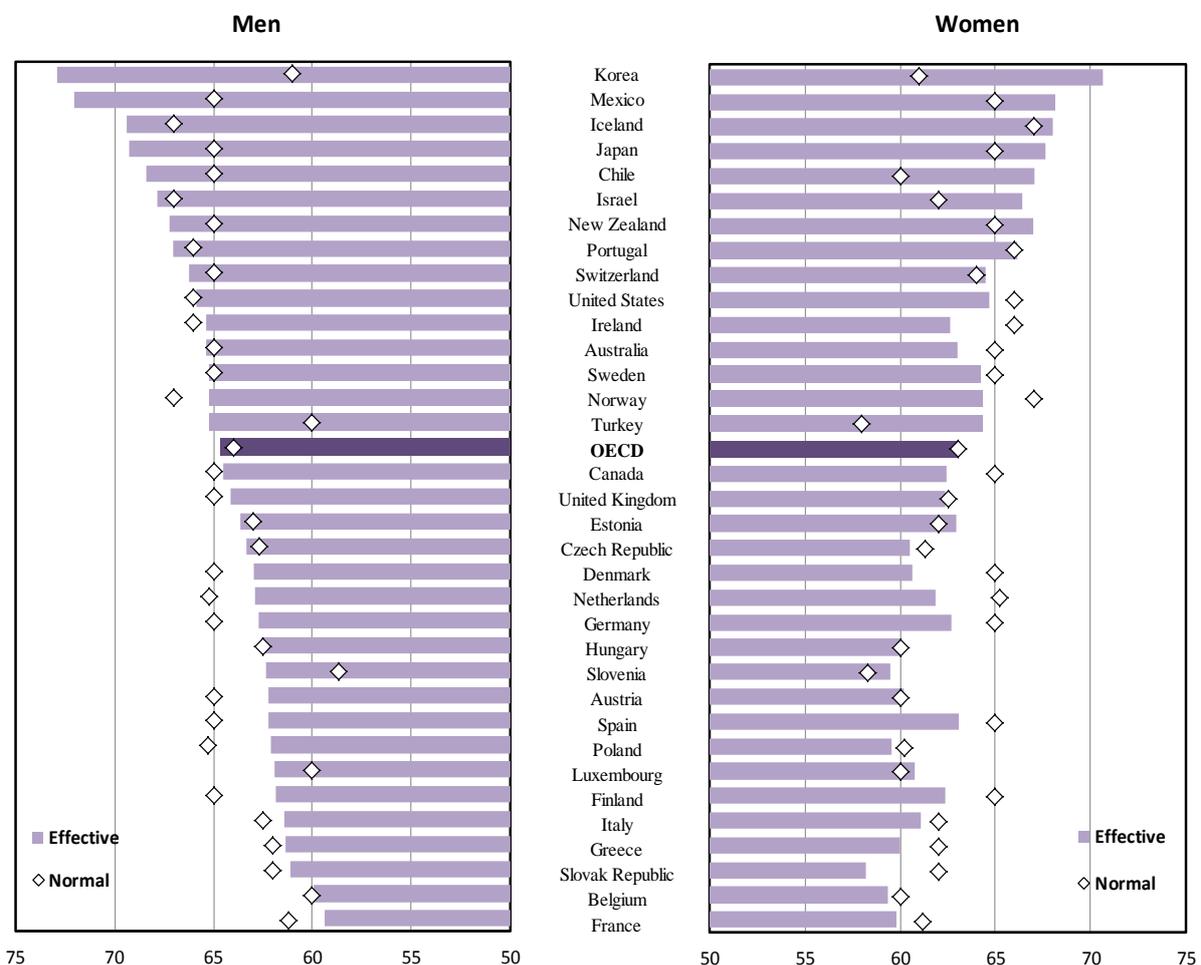
⁴ DWP (2014), Fuller Working Lives – Background Evidence. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/319948/fuller-working-lives-background-evidence.pdf

Retirement culture in Scotland and the UK – international comparison

The OECD average for women’s normal pensionable age⁵, the ‘SPA’ in the UK, is 63.1 years whilst for men it is 64 years. In 2015, UK’s SPA was 63 years for women (nearly the same with OECD average) and 65 years for men (one year higher than OECD average).

Figure 3 shows the normal state pension Age in OECD countries and compares it with the actual, effective exit from the labour market. Average effective age of labour market exit in the UK was 64.1 for men (nearly a year less than SPA) and 62.4 for women (the same with SPA), and in both cases a little lower than the OECD averages of 64.6 for men and 63.1 for women.

Figure 3: Average effective age of labour market exit⁶ and normal pensionable age in OECD countries in 2014



Source: OECD (2015) Pensions at a Glance. Chapter 7: Effective Age of Labour Market Exit

When compared with Scandinavian countries, men and women in the UK tend to effectively retire later than workers in Denmark but earlier than men and women in Sweden and Norway. When compared with Germany, UK male workers tend to

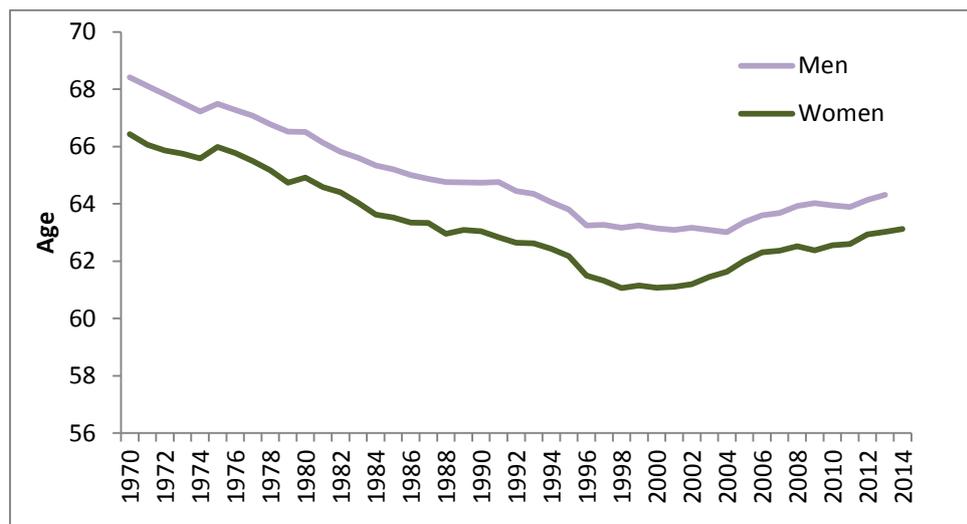
⁵ The normal retirement age is defined here as the current retirement ages for each OECD country, assuming labour market entry at age 20.

⁶ Effective retirement age shown is for five year period 2009-14. Normal pensionable age is shown for individuals retiring in 2014 and assuming labour market entry at age 20.

retire later by 1.4 years whilst female workers effectively retire slightly earlier by 0.3 years.

The following chart shows how much average effective age of labour market exit has changed for men and women. Since 1970 average effective retirement for men has decreased by 3.9 years whilst for women by 3.3 years. Since the 1970s the average age of effective labour market exit has followed a decreasing trend reaching a low in the early 2000s, at around 63 years for men and around 61 years for women. During the last decade, age of labour market exit has increased by 1.5 years for men and 2 years for women.

Figure 4: Average labour market exit age in OECD countries, 1970-2014



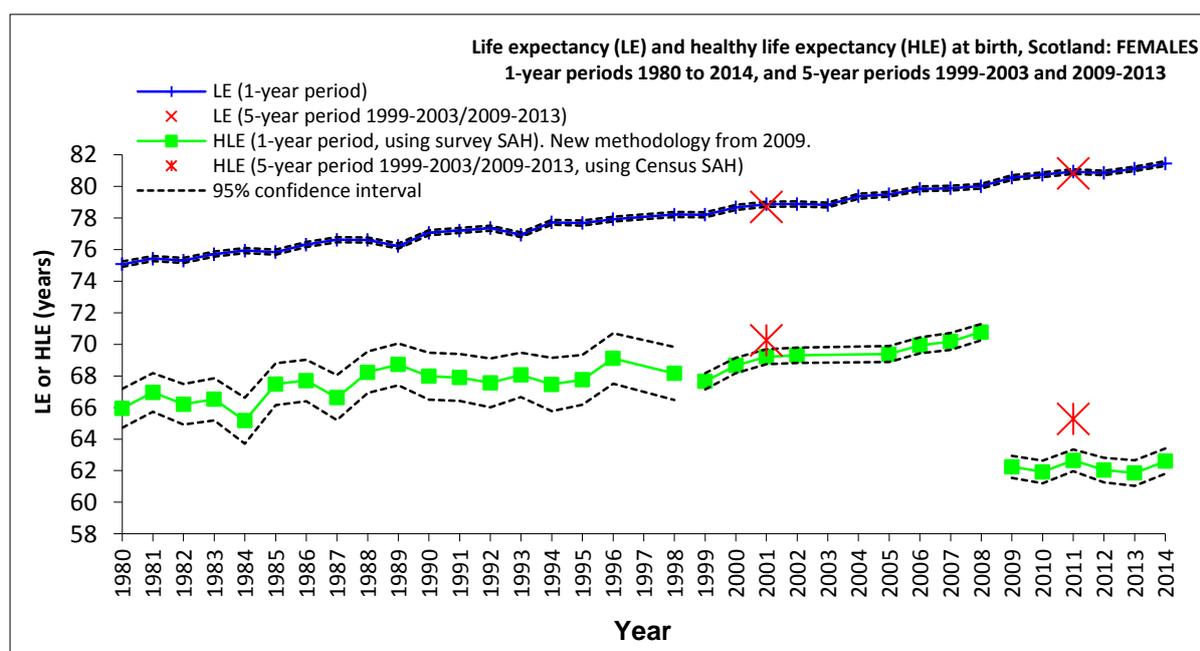
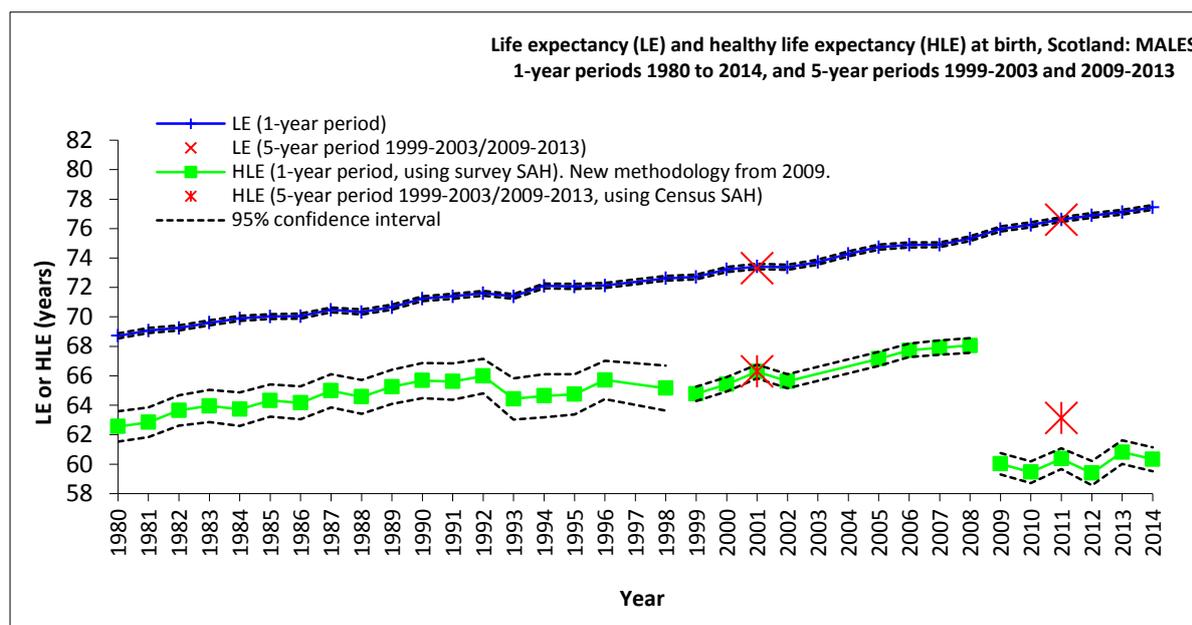
Source: OECD (2015) Pensions at a Glance. Chapter 7: Effective Age of Labour Market Exit

Increasing life expectancy is extending working lives, but lower increases in healthy life expectancy may restrict this

Figure 5 shows that life expectancy in Scotland is increasing consistently for both genders. This might be expected to further increase incentives for individuals who do not want to be reliant on public provision to work longer into a later retirement.

However, whilst data shows that life expectancy is growing steadily, the most recent data on healthy life expectancy is very variable, and across the years 2009-2014 varied at around 60 years for men and 62 years for women. This implies that although people can expect to live longer, future pensioners may begin to expect longer periods of morbidity or care requirements, with implications for public and private resources.

Figure 5: Gap between life expectancy and healthy life expectancy – men and women.



Source: ScotPHO – The Scottish Public Health Observatory

However, whilst theory suggests that workers who expect to live longer and healthier lives should retire later than those who expect a shorter life span, this is not always supported by empirical evidence. Some research⁷ suggests that increasing healthy life expectancy may not necessarily increase labour supply: individuals expecting to live a longer healthier life opt to stay longer in education in order to get higher earning jobs which in turn enable them to save more to finance an early retirement.

⁷ Holger Strulik, Katharina Werner (2012). Life Expectancy, Labor Supply, and Long-Run Growth: Reconciling Theory and Evidence. <https://ideas.repec.org/p/han/dpaper/dp-497.html> and <http://www.res.org.uk/view/2013ConfMedia4of8.html>

A feasible behavioural response to improving health in old age is that people choose to work less overall and enjoy more leisure and early labour market exit.

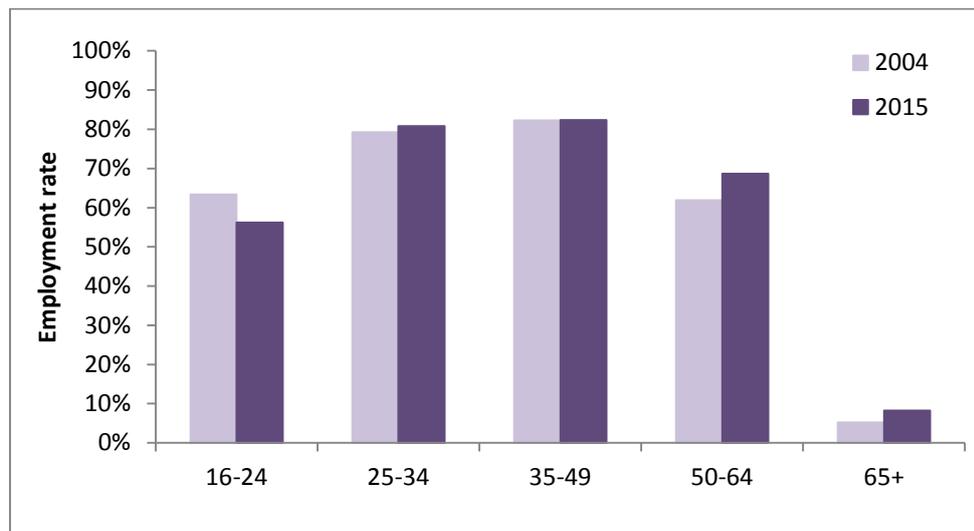
There are considerable variations in healthy life expectancy at birth in Scotland among different geographical and socio-economic groupings. In 2013-2014, male healthy life expectancy (HLE) at birth in the 10% most deprived areas in Scotland was 47.6 years, 25.1 years lower than in the least deprived areas (72.7 years). Female HLE at birth was 51.0 years in the most deprived areas in 2013-2014, 22.1 years lower than in the least deprived areas (73.2 years)⁸.

This is likely to be a key factor in explaining why earnings are a limited income source for pensioners at the lower end of distribution – explored later in this report.

Pensioner employment has grown strongly, despite the 2008 recession

Whilst Scottish employment since 2004 has declined strongly for the youngest age group (16-24) and remained relatively flat for the 25-49 age group, the oldest age groups showed the highest increases. Between 2004 and 2015, the employment rate for older workers (65+) in Scotland has increased steadily from 5.2% to 8.2%. In 2015, 80,000 pensioners were in employment, a 94% rise in employment level since 2004.

Figure 6: Employment rate in Scotland by age, 2004 and 2015



Source: Annual Population Survey, Jan 2014 to Dec 2015

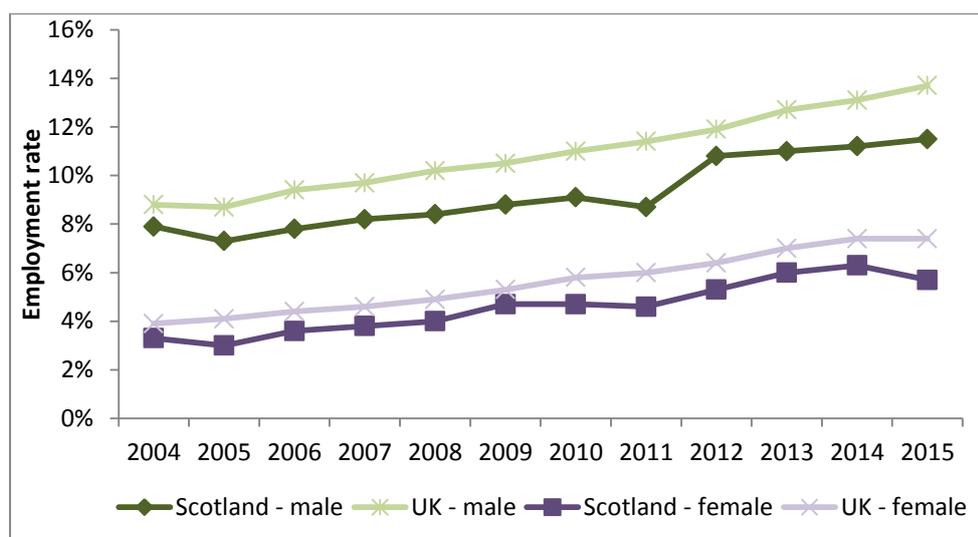
Employment growth in the 65+ age group remained positive in eight out of eleven years between 2004 and 2015, and showed relatively little sustained impact of the 2008 recession when compared to younger age groups. Between 2004 and 2015 in Scotland, the employment rate for female pensioners grew by over 2.5 percentage points whilst the men's rate grew by around 4 percentage points. However, despite employment rate of female pensioners growing steadily over the past decade it has slightly fallen by 0.6 percentage points over the last year.

⁸ Scottish Government (2015). Long-term Monitoring of Health Inequalities. October 2015 report

As shown in the following chart, the employment of pensioners in Scotland increased considerably after 2011. This suggests that a change in legislation⁹ in 2011, preventing employers from compulsorily retiring workers once they reached 65, has had a positive impact on pensioners in Scotland carrying on in their employment.

The chart also shows that pensioner employment is slightly lower in Scotland than in the UK for both men and women. Part of the reason may be people aged 65 in Scotland have lower healthy life expectancy compared to Great Britain, by 1.5 years for men and 1.2 years for women¹⁰. Life expectancy is also lower in Scotland – around 1.2 years for both men and women.

Figure 7: Pensioner employment rates in Scotland and the UK, 2004-2015



Source: Annual Population Survey, Jan 2014 to Dec 2015

Over half of workers beyond state retirement age in Scotland report that they are not ready to stop working yet

The main reason pensioners remained in work was that they were not ready to stop work yet (57%). Around 13% had chosen to remain in work to pay for essential items (e.g. bills) while 8% had remained in work to boost their pension income. For 7% of pensioners choosing to stay in work the reason was skills and experience required for the job whilst 6% remained in employment to be able to buy desirable items. Around 20% of pensioners stayed in work for other reasons, such as opportunities to work flexible hours, wanting to stay mentally/physically fit and a wide range of personal reasons.

Pensioner employment is not to the detriment of young workers

The increase in pensioner employment appears not to be to the detriment of young workers. A recent study by the European Parliament¹¹ suggests that there is no

⁹ Employment Equality (Repeal of Retirement Age Provisions) Regulations 2011

¹⁰ Office for National Statistics dataset: Health Expectancies in the United Kingdom, 2000-2002 to 2009-2011.

¹¹ European Parliament, Directorate General for Internal Policies (2013). Combining the entry of young people in the labour market with the retention of older workers, Chapter 3: Do policy makers really face two competing challenges? <http://www.iza.org/files/EST92310.pdf>

empirical evidence for crowding out, i.e. the increasing number of older workers has no effect on younger workers' entry into the labour market.

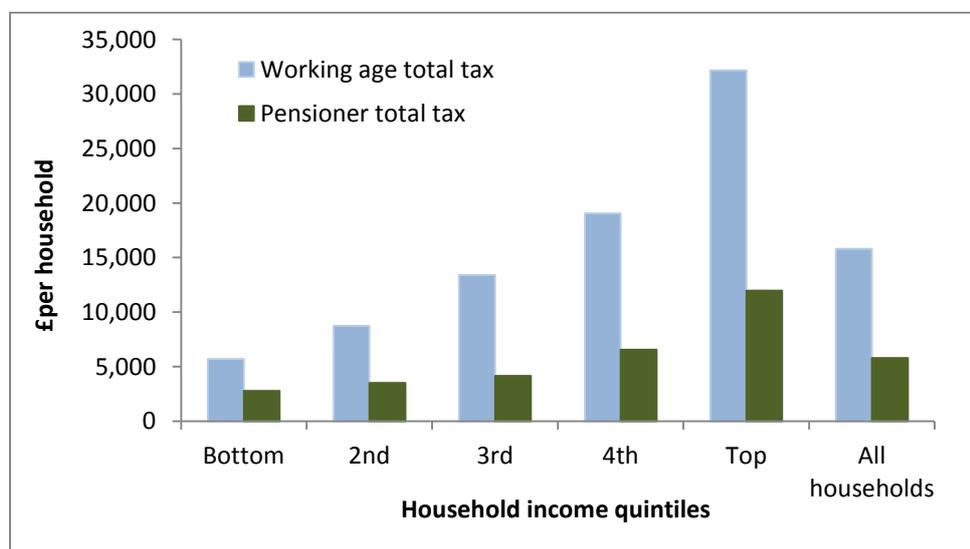
Pensioner employment and contribution to public finances

The 2013 Fiscal Sustainability report by the OBR¹² discusses the positive impacts of older worker employment on economic growth and public finances. It argues that as older workers continue to work, more people contribute to total output increasing growth in the longer term. In addition, working pensioners pay income tax contributing to public finances and whilst they are not required to pay employee National Insurance Contributions (NICs), increases in NICs revenue could be generated through employers' contributions.

However, older workers are more likely to work in part-time jobs or in self-employment. Income tax and NICs receipts are lower in these types of employment. Indeed data on the economic activity status of pensioners suggest that in 2015 the majority of working men and women over the age of 65 in Scotland were working part-time. In particular, 56% of male workers and 79% of female workers over the age of 65 were occupied in part-time jobs.

Whilst many people of pensionable age are dependent on state support, as a group they remain substantial contributors to taxation through income tax and indirect taxation such as VAT and other indirect taxes. The following chart shows average household contributions by income quintile in the UK. Average retired household contributions across the whole income distribution are around 36% of working age households.

Figure 8: Direct and indirect taxation at household level, 2013/14, UK



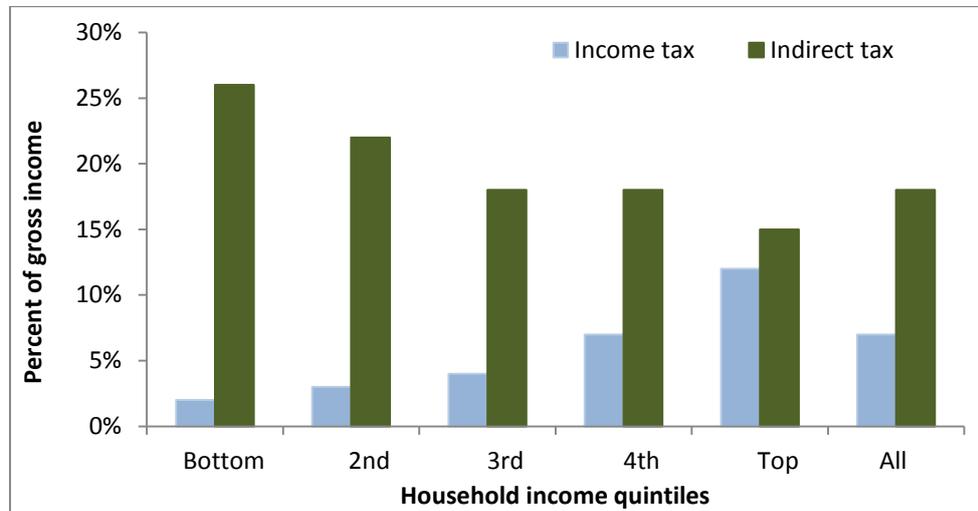
Source: Office for National Statistics

Figure 9 shows that as a proportion of gross income, lower income households contribute substantially more to indirect taxation than higher income households. As would be expected, income tax as a proportion of gross income is lower for lower

¹² Office of Budget Responsibility – Fiscal Sustainability Report
http://budgetresponsibility.org.uk/wordpress/docs/2013-FSR_OBR_web.pdf

income quintiles. The implication of this is that lower income retired households are contributing disproportionately to tax revenues. This is consistent with the generally regressive nature of indirect taxation across all households.

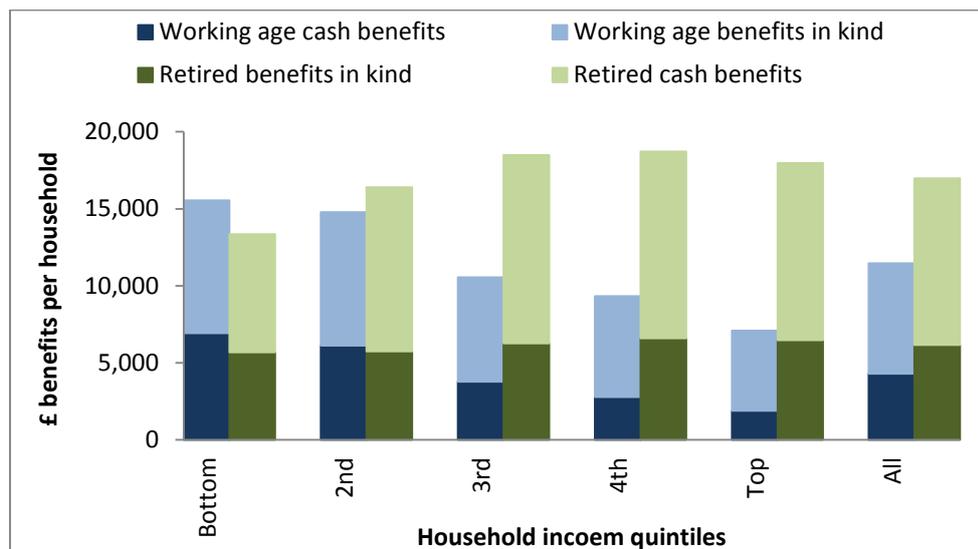
Figure 9: Average retired household tax spend as a proportion of gross income, 2013/14, UK



Source: Scottish Government calculations based on Office for National Statistics data

Figure 10 shows that, in terms of receipt of cash benefits (including state pension) and benefits in kind (largely NHS services), retired households in the bottom 40% of the income distribution receive roughly equivalent amounts to working age households, but the gap opens up for higher quintiles, with retired households receiving more in total. It is noticeable that higher quintile retired households receive more in cash benefits than lower quintile retired households. This may be because they are more likely to have complete NI records and receive more via the additional state pension based on higher NI contributions.

Figure 10: Cash benefits and benefits in kind, 2013/14, UK



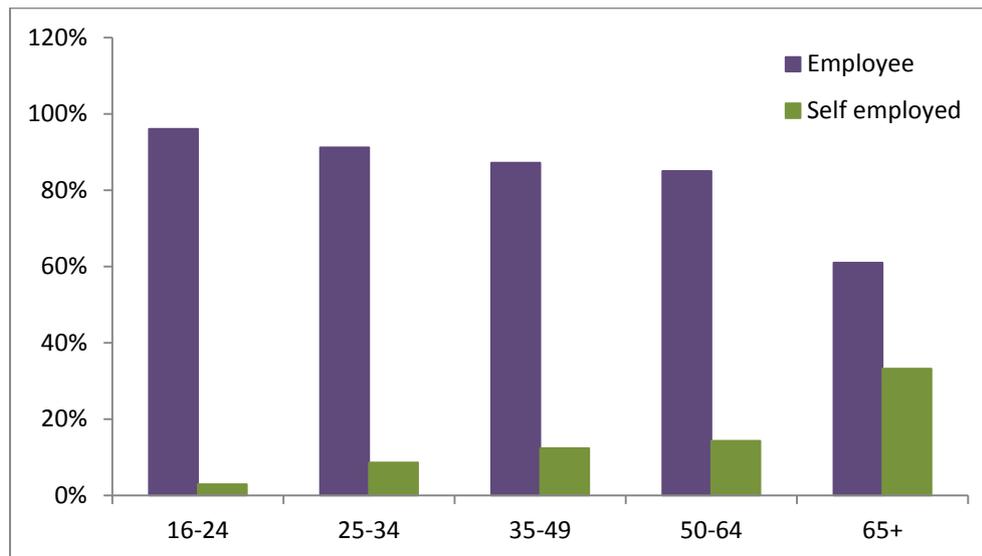
Source: Scottish Government calculations based on Office for National Statistics data

EMPLOYMENT CHARACTERISTICS OF WORKING PENSIONERS

Working pensioners are more likely to be self-employed than other age groups

Working pensioners are in their majority employees but, as indicated in the following chart, working people aged 65+ are more likely than any other age group to be self-employed. Working pensioners are also more likely than any other age group to be unpaid family workers, for example working in family restaurant business.

Figure 11: Employment by age group and employment status, Jan-Dec 2015



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

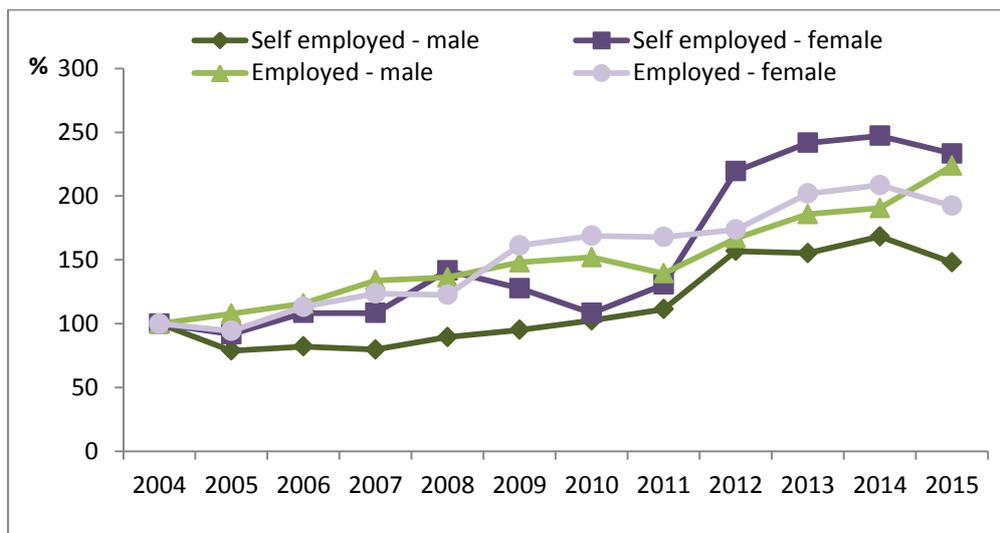
Note: Employment level includes Government sponsored trainees and unpaid family workers

The following chart shows the growth in numbers of employed and self-employed men and women in Scotland over the past decade. Pensioner self-employment has been growing strongly over the past decade, with an apparent surge in self-employed women.

However, between 2014 and 2015 there was a fall in the number of self-employed male pensioners and a rise in the number of male employees. As the levels of pensioner employment are fairly similar in the past two years, this suggests that some working pensioners have shifted from self-employment into employment.

Nonetheless, the increase in pensioner self-employment over the past decade, despite the small decline last year, might signal older workers looking for more flexible working patterns.

Figure 12: Growth in numbers of 65+ employed and self-employed workers in Scotland, 2004=100

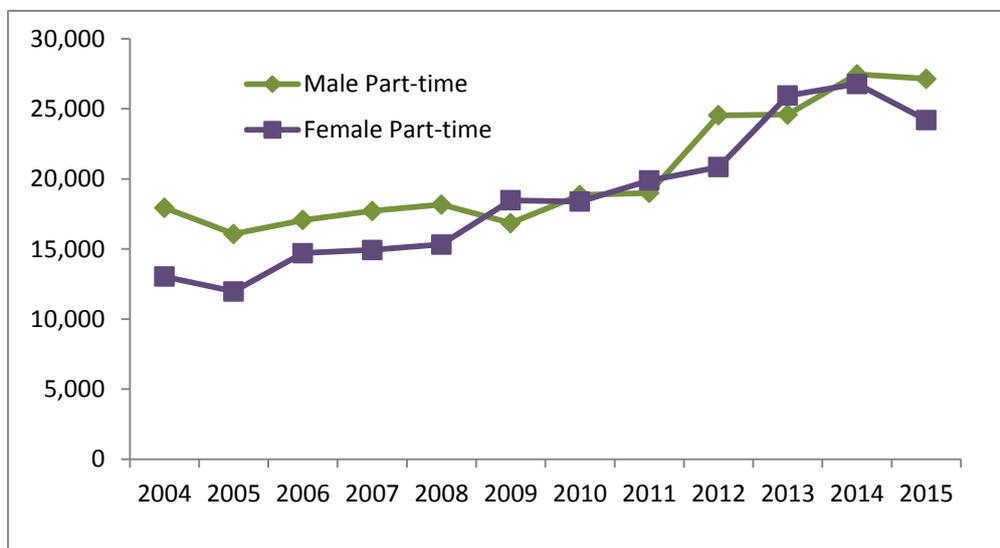


Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Although the number of male pensioners working part-time has increased considerably, many more men than women work full-time

Number of pensioners working part-time rose considerably over the past decade and numbers of part-time workers between the genders have been very similar since 2009.

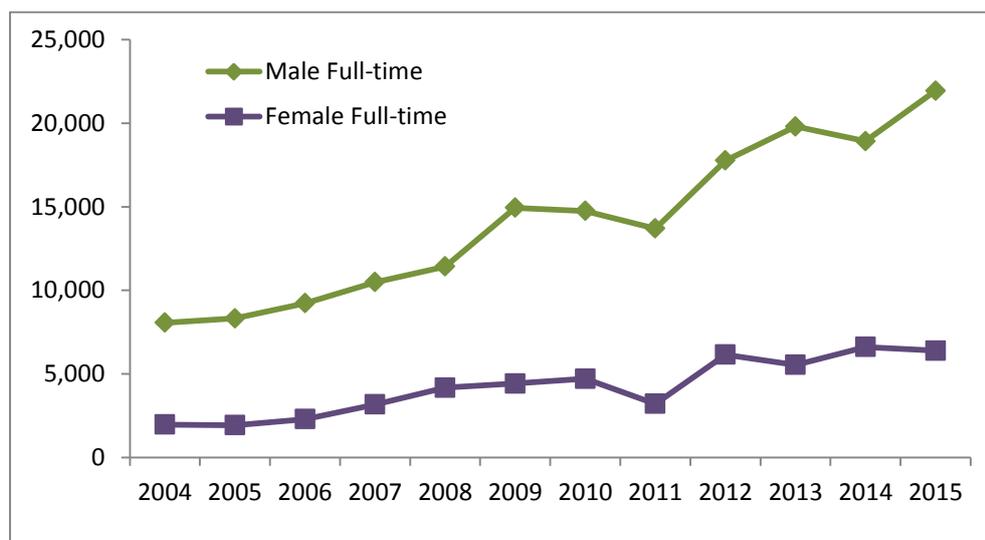
Figure 13: Numbers of part-time working pensioners in Scotland



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

However, despite the fall in levels of male pensioners working full-time over the last year, there were considerably more male full-time pensioners in employment (22,000 in 2015) than female full-time pensioners (6,400 in 2015).

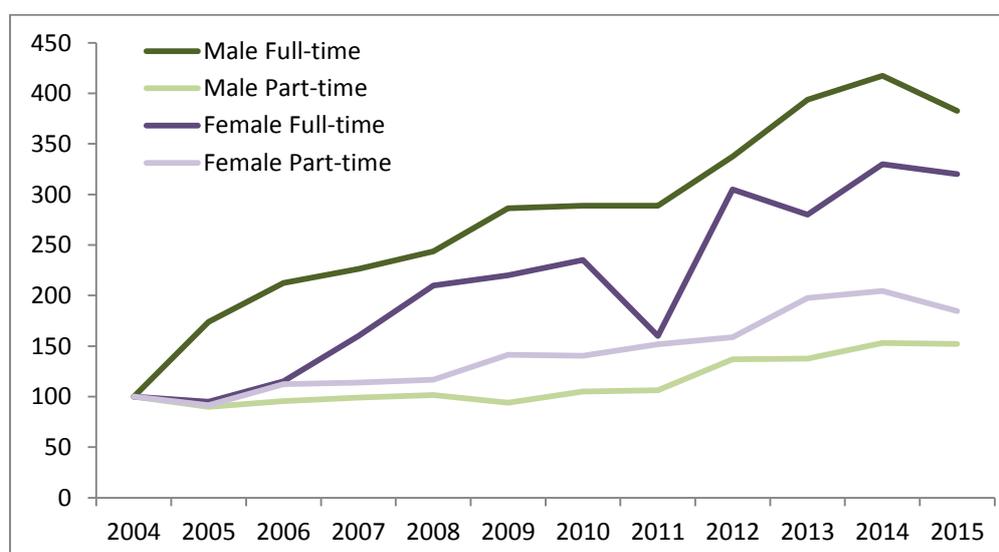
Figure 14: Numbers of full-time working pensioners in Scotland



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Analysis of the rates of increase in full-time and part-time employment shows that female full-time work had the highest growth rate over the past decade. However, over the last year male full-time work has fallen considerably whilst male part-time work had a steady increase, especially since 2011.

Figure 15: Growth in part-time and full-time workers in Scotland, 2004-2015, 2004=100

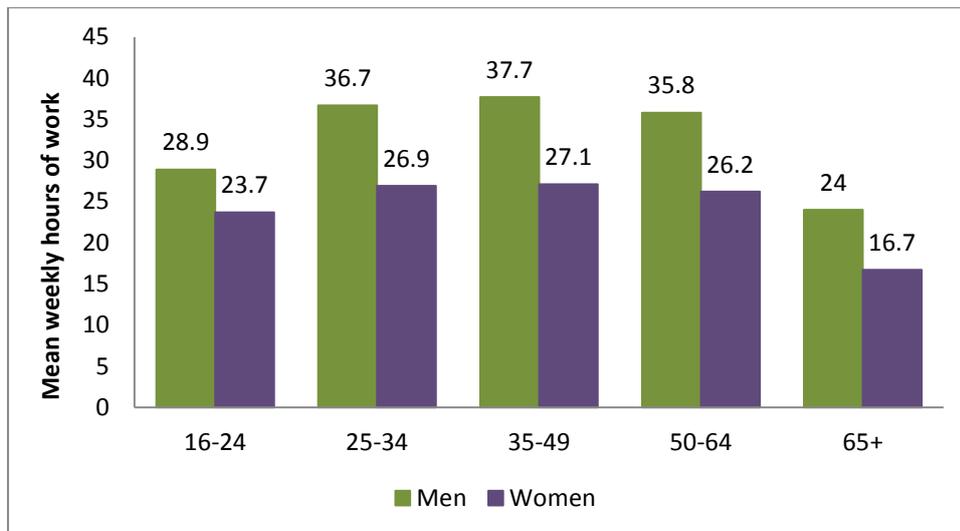


Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Pensioners work less hours than younger age groups

As would be expected, mean weekly hours are lower for the 65+ age group than younger age groups. Mean weekly hours worked across all types of employment are lower for women than men in the 65+ age group, consistent with all other age groups.

Figure 16: Average (mean) weekly hours worked in main and second jobs by age and gender, Scotland, 2015



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

The following chart shows the total hours worked by age group – in particular that whilst employment has risen considerably, the total hours worked by the 65+ age group still represents a very small proportion of overall hours worked, at around 2%.

Figure 17: Total weekly hours worked in main and second jobs by age and gender, Scotland, 2015



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Self-employed pensioners earn less than employee pensioners

Data on median gross weekly earnings for self-employment in Scotland suggest that self-employed working pensioners are earning less than pensioner employees. The following chart compares the different median gross weekly earnings for male and female pensioners.

Figure 18: Median gross weekly earnings by gender and employment status in Scotland, over 65s, 2013/14

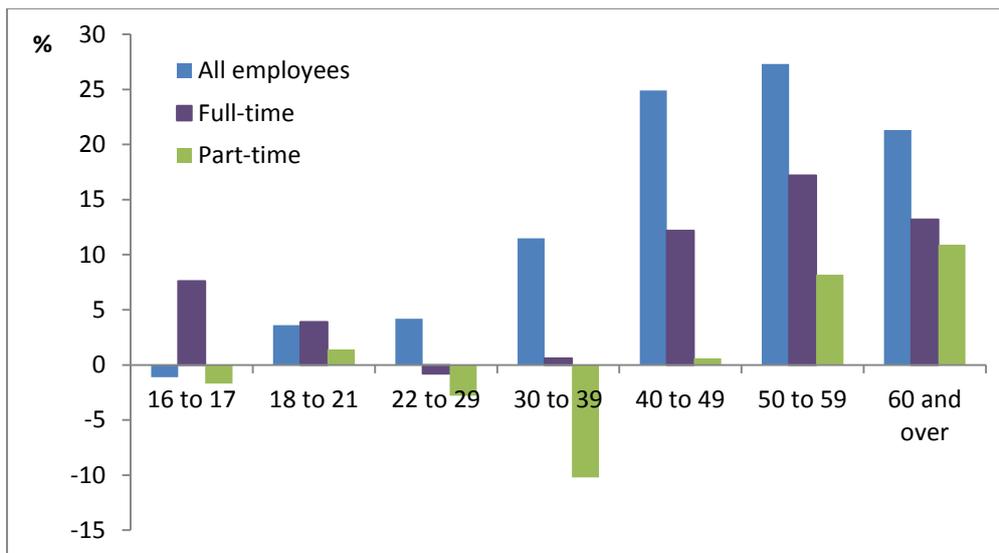


Source: Scottish Government analysis based on data selection from Households Below Average Income, £ per week 2013/14 prices

The gender pay gap has been widening for older age groups

Analytical work on the gender pay gap has shown that women over 60 in the UK are earning less than men both in part-time and full-time occupations. Whilst the gender pay gap is smaller for all younger age cohorts (people born after 1975), it has been widening for the older age groups (people born before 1975). A possible reason for this could be the increase in the following occupational areas: elementary and caring, leisure and other services. This work is disproportionately done by women, as discussed in the following sections of this chapter.

Figure 19: Gender pay gap for median gross hourly earnings (excluding overtime) by age group, UK, April 2015



Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Working pensioners are more likely to be over-employed than under-employed

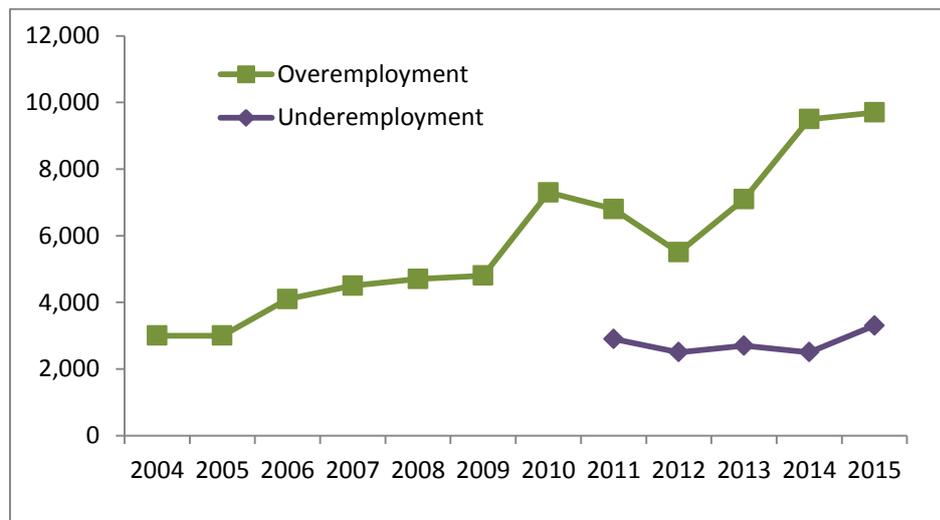
There are higher numbers of pensioners who would like to work fewer hours (over-employment) than there are numbers working part-time who want to work more hours (under-employed). The number of overemployed people aged 65+ has grown considerably over the past decade as shown in Figure 20.

Based on distributional analysis of sources of income set out later in this report, it is likely that over-employment amongst pensioners relates more to higher value work than low pay work. Given the high proportion of self-employment in the 65+ age group, it is also likely that many over-employed pensioners are also self-employed.

The increase on pensioner over-employment may be expected, given the increases in overall employment levels, but suggests that some pensioners may be working full-time to avoid having to downgrade skill level and, most likely, therefore see a decrease in wage rates (part-time work is generally lower skilled and therefore lower paid).

This may suggest that increases in flexible working could result in a reduction of some pensioners hours, whilst others may choose to work at a higher skill level who otherwise may have retired.

Figure 20: Numbers of over- and under-employed people aged 65+, 2004 to 2015



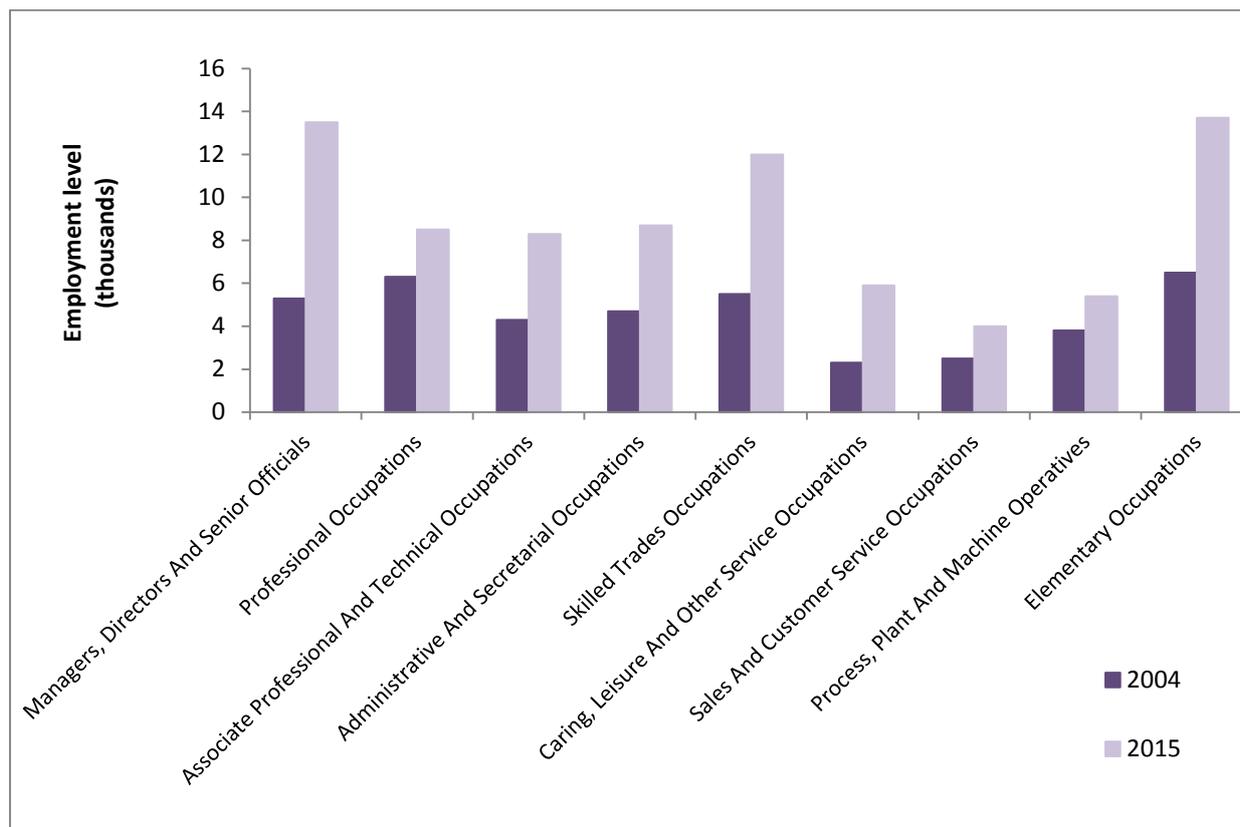
Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Pensioner employment has grown strongly across all occupation groups but female pensioners are doing more low skilled work

Trends in employment of older workers are looked at by broad occupation group. Availability of data at a more detailed level of occupational classification is not consistently available across occupations, and therefore is not presented.

Unsurprisingly, given the increase in overall employment rates, all broad occupations groups show marked increases in employment levels between 2004 and 2015 as illustrated in Figure 21.

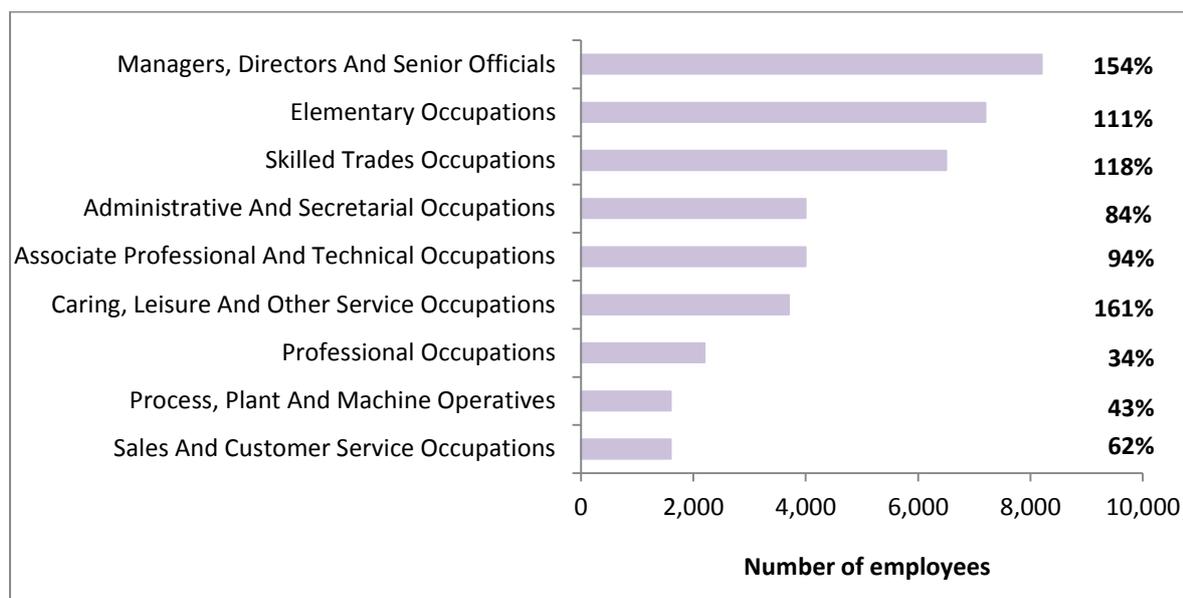
Figure 21: Employment of pensioners by broad occupational group, 2004 and 2015, Scotland



Source: Scottish Government analysis based on Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

However, as Figure 22 shows, the largest growth in numbers between 2004 and 2015 has occurred in broad occupation groups, which are likely to be medium or higher skilled work such as skilled trades, professional and managerial occupations. It is worth highlighting that elementary occupations have seen the second largest increase in numbers overall (7,200), while caring, leisure and other services occupations have the highest proportional increase (161%). The lowest growth in numbers was in lower skilled occupations such as sales and customer services and process, plant and machinery operatives occupations.

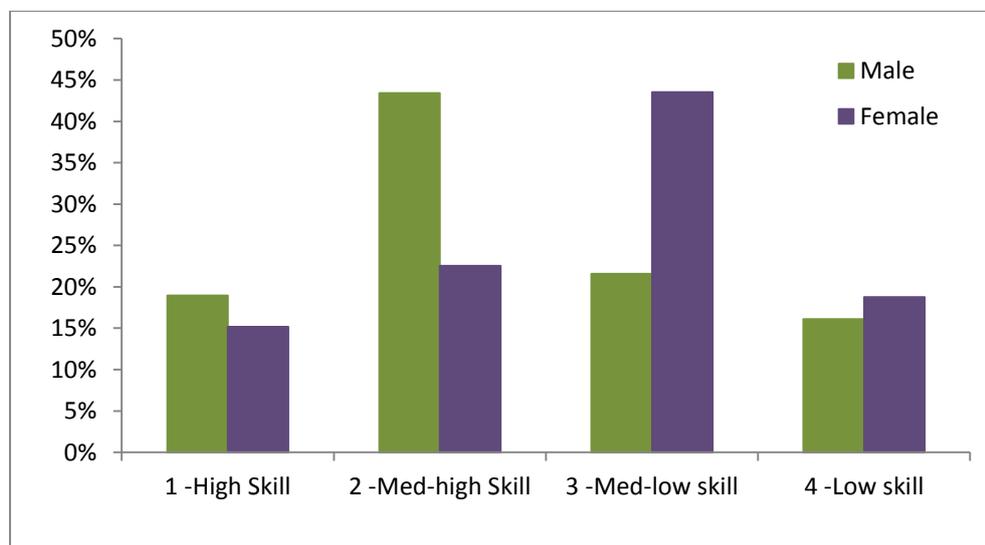
Figure 22: Increase in employment of pensioners by broad occupational group between 2004-2015, Scotland



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

The following chart shows that female pensioners work considerably more in medium-low and low skilled occupations than male pensioners. Therefore, the increases in elementary and caring, leisure and other service occupations can be mainly attributed to female pensioner employment. This evidence reflects with the widening gender pay gap in older age groups, as discussed earlier in this section.

Figure 23: Proportion of employment at each skill level for male and female working pensioners, Scotland 2015

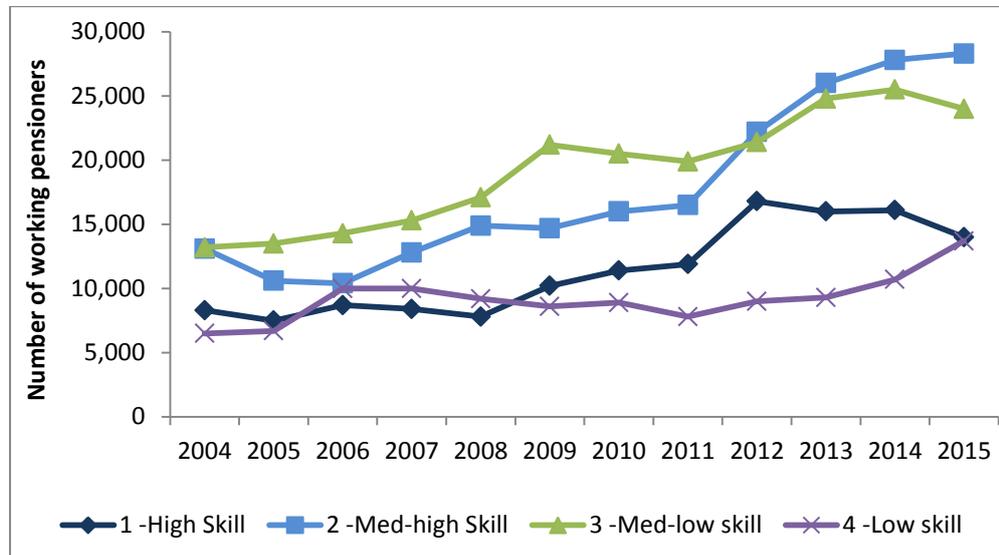


Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

Looking at the distribution of pensioner employment at each skill level over time, as illustrated in Figure 24, there is some variability across all skill categories over time, but since 2006 there seems to be reasonably consistent upwards trend in those

working in medium-high and low skill occupations, and a relatively decreasing trend for those in the medium-low and high skill occupation.

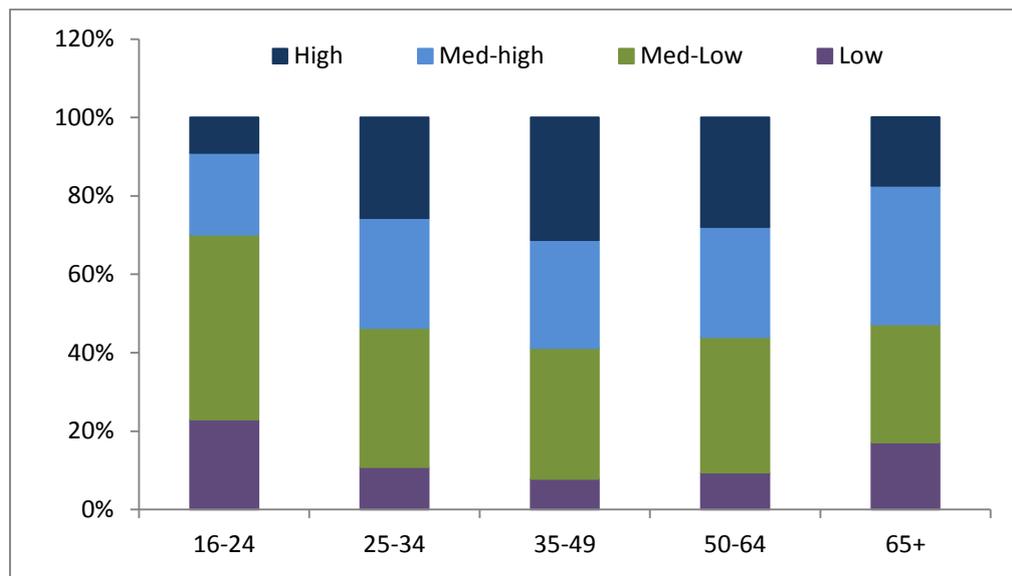
Figure 24: Distribution of pensioners in employment at each skill level between 2004 and 2015



Source: Annual Population Survey, Jan-Dec 2015, ONS

However, Figure 25 shows that those over 65 tend to work more in low skilled jobs and less in high skilled positions than any other age group except 16-24s. This suggests, consistent with anecdotal evidence, that people who work beyond 65 tend to downgrade their skill level. This could also be linked with increases in part-time working.

Figure 25: Proportion of employment at each skill level for each age group, Scotland 2015



Source: Scottish Government analysis based on Annual Population Survey, Jan-Dec 2015, ONS

ECONOMIC AND SOCIAL CONDITIONS OF PENSIONERS

The following section analyses available data on the economic and social conditions of pensioners. These pensioners are not necessarily in work or over 65.

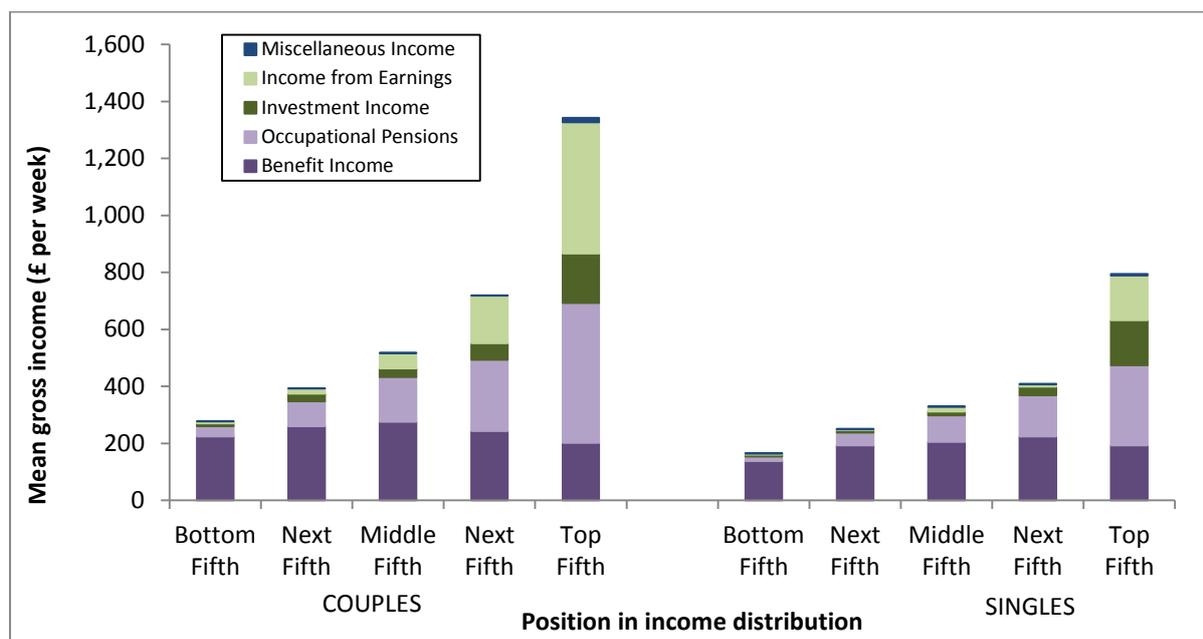
Earnings represent a smaller proportion of income for low-income pensioner households

As illustrated in the following charts, the proportion of income (before housing costs) from earnings is higher for pensioners at the top end of the income distribution reaching an average of £461 per week for pensioner couples and an average of £157 for single pensioners. For households within the top 20% total income, earned income accounts for 34% of pensioner couples' income and 20% of single pensioners' income. These households also have a higher proportion of income from private wealth, such as private investment and occupational pensions.

Pensioners in the bottom 20% of household total incomes receive a very limited proportion of their income from earnings – couple pensioners earn an average of £6.50 per week, while single pensioners earn an average of £4. In relative terms this accounts for 2.4% of pensioner couples' total income and 2.2% of single pensioners' total income. These households are predominantly reliant on benefits which in relative terms account for over 80% of total income for both pensioner couples and singles.

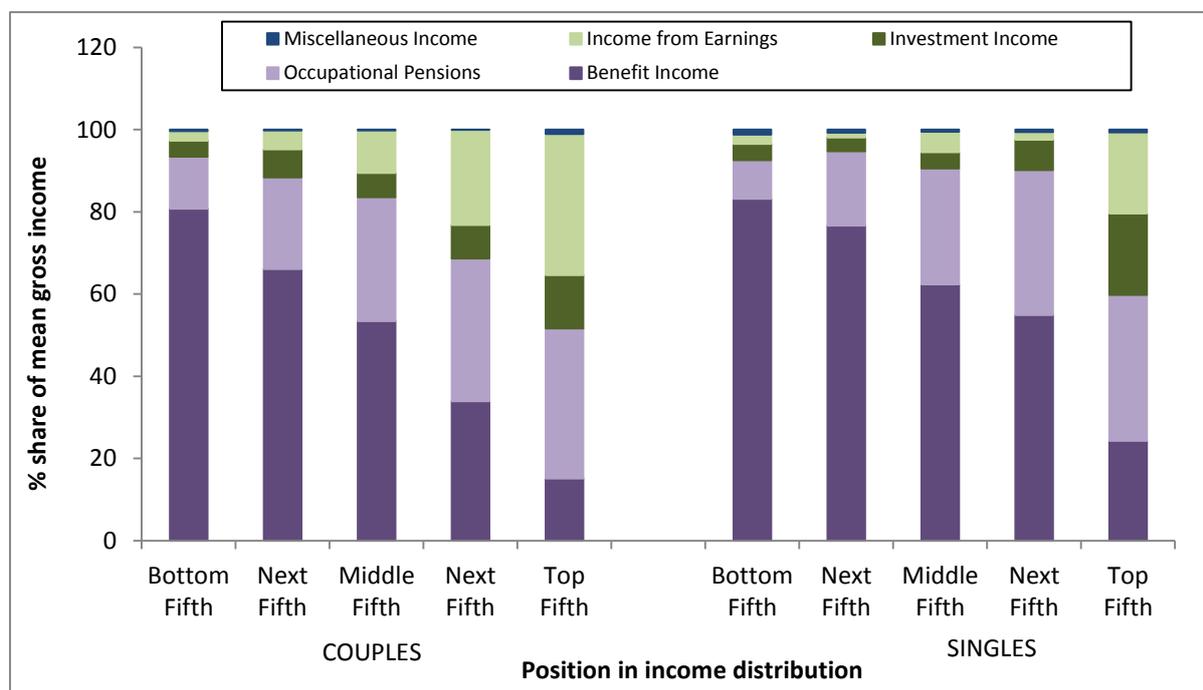
Whilst income from earnings for pensioner couples shows large increases in both absolute and relative terms as we move up the income distribution, for single pensioners income from earnings in the middle quintile is more than twice that of the next highest quintile. It is likely that pensioners at the lower end of the income distribution face greater barriers to accessing good working conditions.

Figure 26: Sources of mean gross income of pensioner households by quintile in the income distribution BHC - absolute level



Source: Based on data selection from Households Below Average Income, £ per week 2013/14 prices

Figure 27: Sources of mean gross income of pensioner households by quintile in the income distribution BHC - percentage share



Source: Based on data selection from Households Below Average Income, £ per week 2013/14 prices

Many low income pensioners do not claim eligible benefits

Pension credit contains two parts: guarantee credit and savings credit. Guarantee credit provides those who have reached the qualifying age with a top-up to bring

their income up to a minimum standard – in April 2016 this was set at £151.20 a week for a single person or £230.85 a week for those living with a partner.

The savings credit is an extra payment for people who have made modest provision for their retirement through an occupational or personal pension or savings. In April 2016, the savings credit was up to £14.82 a week for a single person and £17.43 a week for those living with a partner. Savings credit is being abolished with the introduction of the Single Tier Pension.

Whilst pension credit is targeted at low income households, there are surprisingly low levels of take up amongst those eligible for it. In 2013/14, only 61 to 64% of eligible pensioners were estimated to claim pension credit¹³. Based on 2009/10 data, take-up of the guarantee credit, paid to the poorest pensioners, was between 73% and 80%.¹⁴

Research suggests that the primary barrier to claiming is perceived ineligibility with perceived stigma as a secondary barrier¹⁵. However this is unlikely to have a negative impact on pensioners who wish to work. Claiming pension credit would help improve the wellbeing of low income pensioners who cannot work.

Pensioner couples can (nearly) reach the minimum income standard

Research on the minimum income standard for the UK by the Joseph Rowntree Foundation has indicated that a pensioner couple was £10 short of reaching Minimum Standard of Living (MIS) in 2015¹⁶. This figure is relatively low when compared against working age single people (£110 short), lone parents (£118 short) and couple parents (£197 short). There is no analysis provided on single pensioners.

The MIS is based on research into the items that members of the public think should be covered by a household budget in order to achieve a minimum socially acceptable standard of living. Inflation, increases in benefits, above inflation increases to NMW and increases in the personal tax allowance have all been considered when estimating the MIS budgets.

In contrast to working-age households, couple pensioners are guaranteed an income almost equal to MIS under pension credit. A pensioner couple had income £11 above MIS in 2008. This has declined slightly in 2015 (£10 short) due to the safety

¹³ Department for Work and Pensions (2015). Income-Related Benefits: Estimates of Take-up - Financial Year 2013/14 (experimental)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/437501/ir-benefits-take-up-main-report-2013-14.pdf

¹⁴ Barton, A. and Riley, K., eds. (2012). Income Related Benefits: Estimates of Take-Up in 2009–10. DWP.

¹⁵ Radford, L., Taylor, L. and Wilkie, C., (2012). Pension Credit eligible non-recipients: Barriers to claiming, DWP.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214374/rrep819.pdf

¹⁶ Hirsch, D., (2015). A minimum income standard for the UK in 2015, Joseph Rowntree Foundation.

<https://www.jrf.org.uk/report/minimum-income-standard-uk-2015>

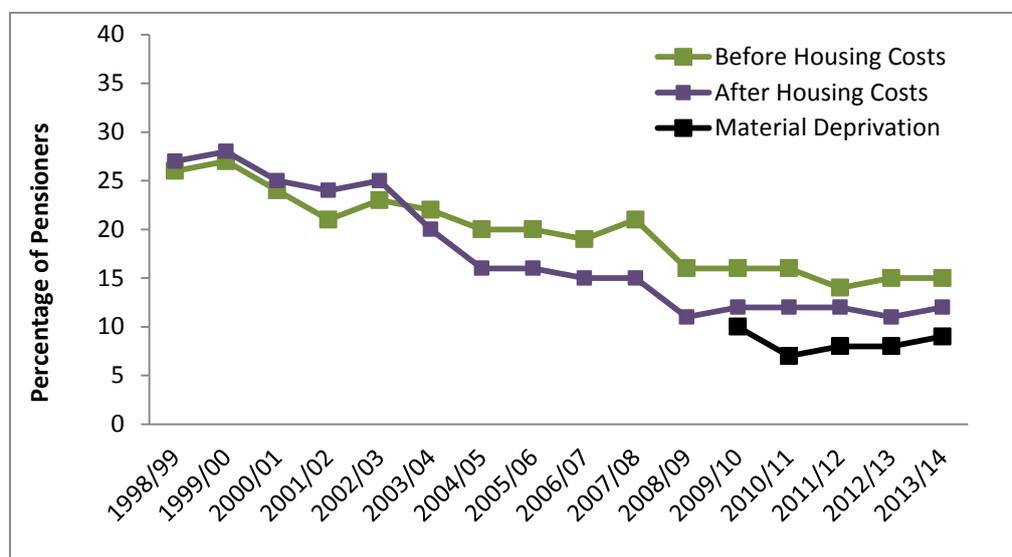
net for pension credit rising in line with inflation (Consumer Prices Index) but MIS has risen faster in recent years.

Decrease in pensioner poverty over the last decade is steeper than in child and working age adult poverty

As illustrated in the following chart, over the last decade, the proportion of pensioners in Scotland in relative poverty Before Housing Costs (BHC) has fallen 8 percentage points from 23% in 2002/03 to 15% in 2013/14. The fall in pensioner poverty over the last decade has been steeper than comparable falls for children and working age adults. However, in 2013/14 it remained unchanged from the previous year at 15%. Whilst relative poverty After Housing Costs (AHC)¹⁷ has followed a decreasing trend over the last decade, in 2013/14 it increased by one percentage point, compared with the previous year, to 12%. The respective figure for the UK is 14%. In 2013/14, there were 80,000 pensioners in Scotland living in material deprivation. This figure represents 9% of the pensioner population and has increased by one percentage point from the previous year.

Relative pensioner poverty had been decreasing due to higher upratings in pensioner benefits compared to earnings. Between 2009/10 and 2013/14 basic state pension (BSP) income has increased faster than earnings for working age households, and at a faster rate than for most other benefit and tax credit income. However, in 2013/14, the BSP was uprated by 2.5% under the triple lock¹⁸, a considerably lower increase compared to 5.2% uprate in the previous year. This could potentially explain the unchanged relative poverty BHC and the increased relative poverty AHC in 2013/14.

Figure 28: Relative poverty and material deprivation – pensioners, Scotland



Source: Households Below Average Income dataset, Department for Work and Pensions

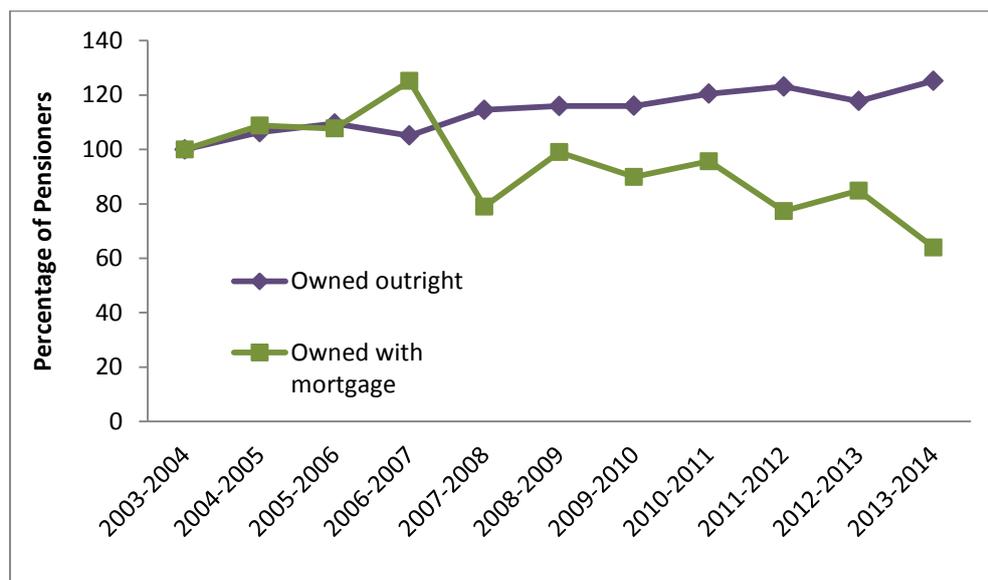
¹⁷ Note that poverty based on income After Housing Costs (AHC) is a more commonly used measure for pensioner households, as many have low housing costs.

¹⁸ The triple lock is the mechanism currently used by the UK Government for uprating the Basic State Pension (BSP). Under the triple lock, the BSP is increased each April by the highest of the growth in average earnings, the Consumer Price Index (CPI), or 2.5%.

More pensioners owning properties outright

Looking at trends in mortgage debt of pensioner households in Scotland in Figure 29, it is evidenced that the proportion of pensioners owning properties with mortgages has been following a decreasing trend. In 2013/14, 4% of pensioner households owned a property with a mortgage decreasing by 1.2 percentage points from the previous year. Over the same period the proportion of pensioner households owning properties outright has been increasing. In 2013/14, 72% of pensioners owned properties outright, an increase from 67% the previous year.

Figure 29: Trends in mortgage debt - pensioner households in Scotland



Source: Department for Work and Pensions. (2015). *Households Below Average Income, 1994/95-2013/14*. [data collection]. 8th Edition. UK Data Service. SN: 5828, <http://dx.doi.org/10.5255/UKDA-SN-5828-6>.

UK has the lowest gross pension wealth and the second largest pensions gap across OECD countries

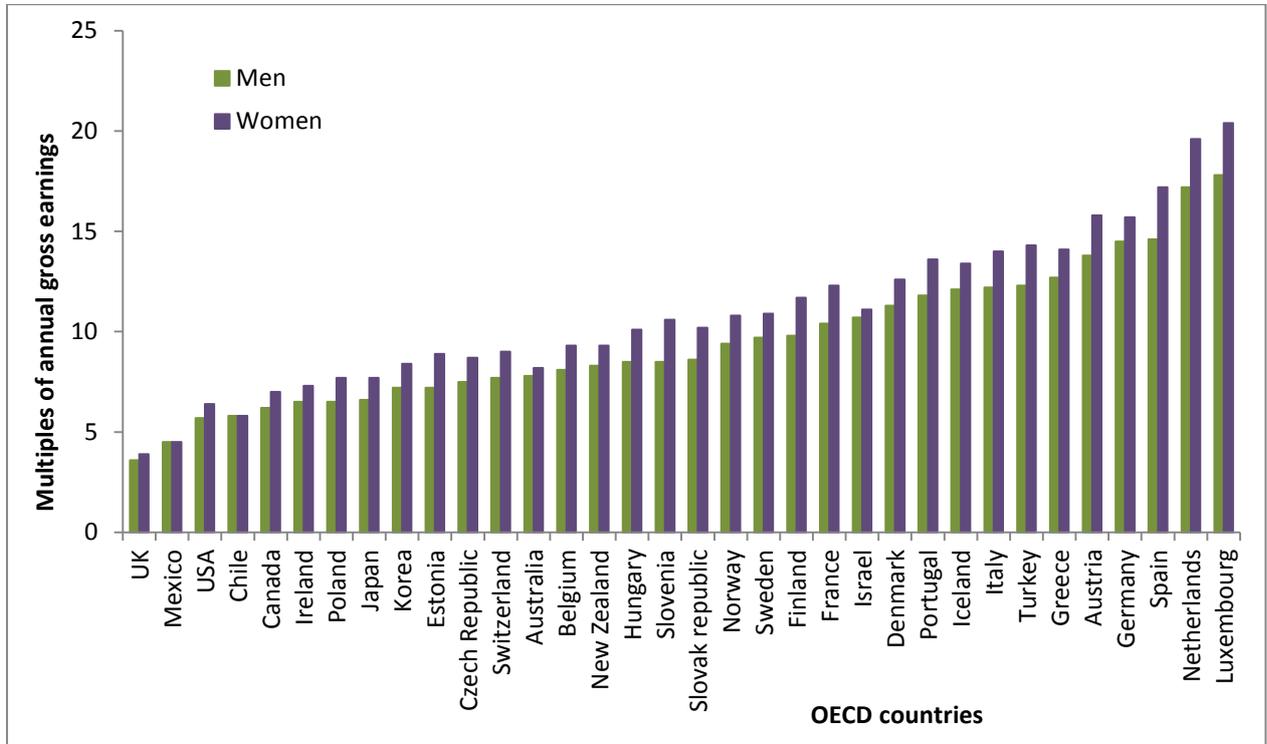
Although conditions for pensioners show a relative improvement, UK pensions are not as generous as pensions in other OECD countries. As illustrated in Figure 30, the UK has the lowest average gross pension wealth value across the OECD for both men and women. Gross pension wealth represents the size of the lump sum that would be needed to buy a flow of pension payments equivalent to that promised by the state/mandatory pension system in each country. This indicator is measured as a multiple of annual gross earnings by gender. Increases in the state pension age will reduce this value further. This may provide a greater incentive to work later towards and beyond pension age.

The pension gap is the distance between OECD average replacement rates¹⁹ (e.g. state or mandatory private pensions) and national, mandatory pension provision. As shown in Figure 31, of the 17 countries that have a pensions gap, the UK has the

¹⁹ The gross replacement rate shows the level of pensions in retirement relative to earnings when working. For workers with average earnings, the gross replacement rate averages 54% in the 34 OECD countries.

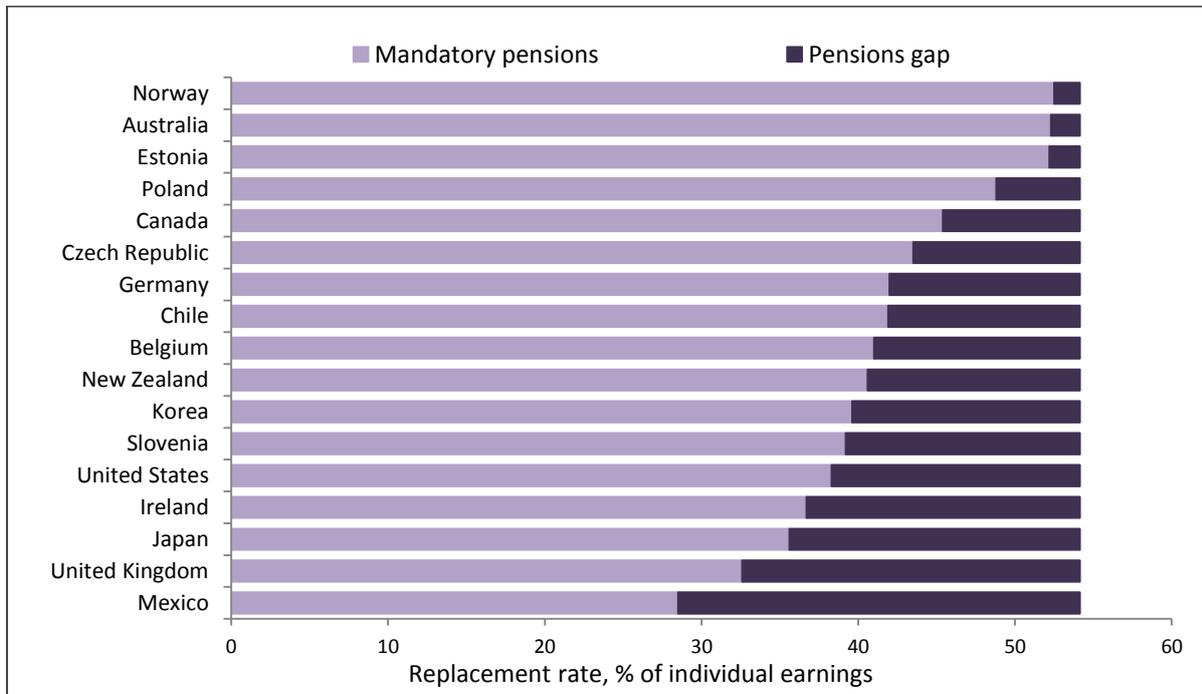
second largest, meaning that private pensions would need to deliver a 21.5% replacement rate to bring the overall pension of an average earner up to the OECD average.

Figure 30: Gross pension wealth, men and women, 2014



OECD (2016), Gross pension wealth (indicator). doi: 10.1787/62cdd9d3-en (Accessed on 23 June 2016)

Figure 31: OECD countries with a pensions gap



Source: OECD (2013), Pensions at a Glance 2013: Retirement-Income Systems in OECD and G20 Countries

BARRIERS FOR WORKING PENSIONERS

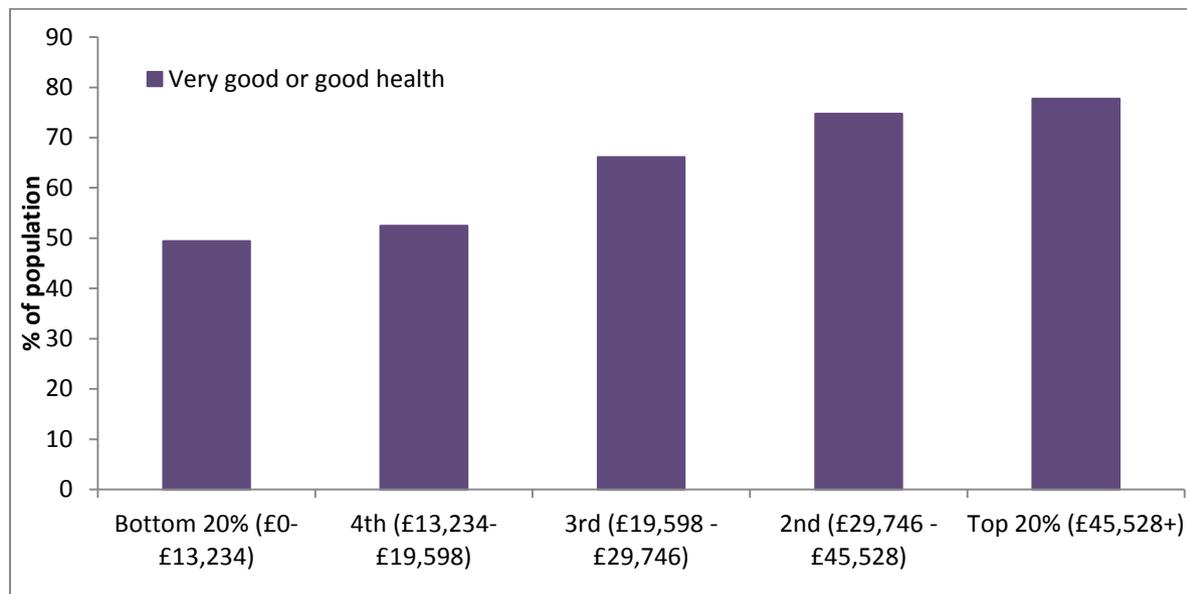
Inequality of health conditions

Poorer health is considered one of the most important barriers to older people continuing in employment. Evidence from the Scottish Health Survey (SHeS) shows considerable inequality in health conditions by household income. Poorer adults aged 65 to 75 in Scotland are disproportionately facing more general health issues and long-term illness than older people at the higher end of income distribution.

SHeS data have been used to look at three different health conditions by income distribution: self-assessed general health, long-term conditions and signs of possible psychiatric disorder.

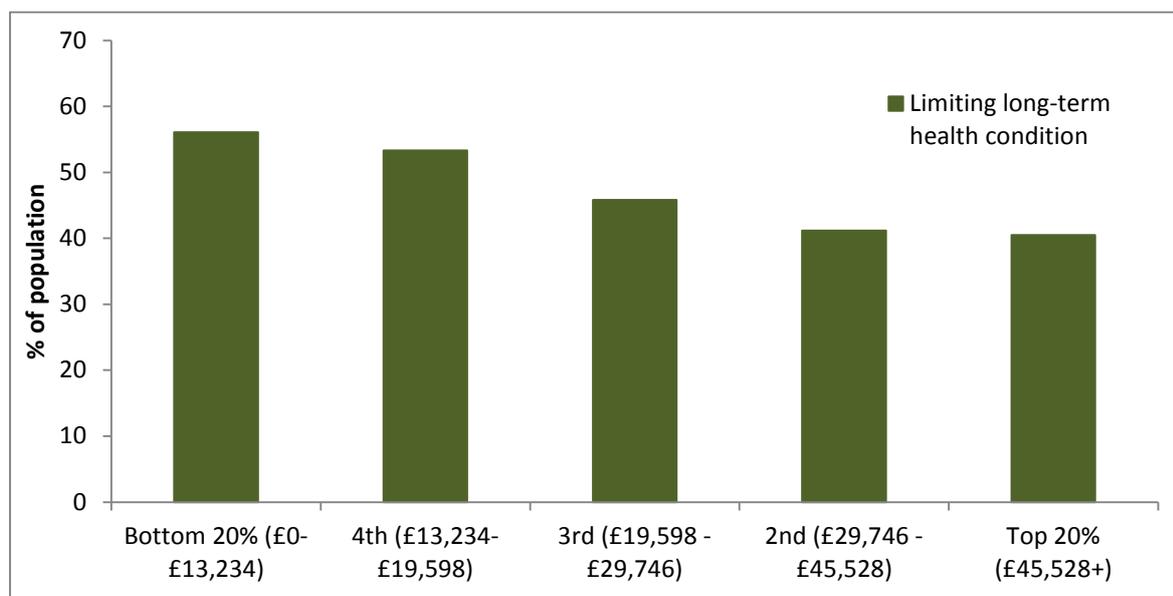
The results indicate a strong relationship between household income and general health and long-term conditions. In particular, as shown in Figure 32, adults aged 65 to 75 demonstrate significantly better general health as we move up the income distribution, with 78% in the top quintile of the distribution being in good or very good health, compared to only 49% in the lowest income households. Figure 33 shows that more adults aged 65 to 75 are facing limiting long-term conditions when they live in low income households, with 56% at the bottom quintile having a limiting long-term health condition, compared to 41% in the highest income households.

Figure 32: General Health by equivalised household income, ages 65-75, 2012-2014



Source: Scottish Health Survey, 2012/2013/2014

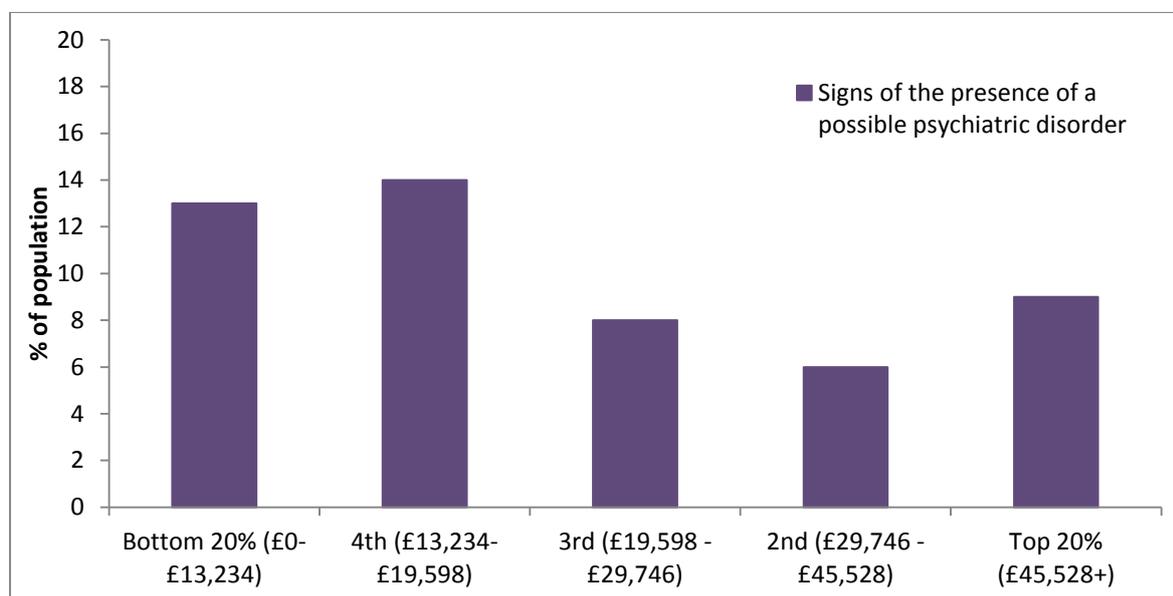
Figure 33: Long-term conditions by equivalised household income, ages 65-75, 2012-2014



Source: Scottish Health Survey, 2012/2013/2014

Results indicating the prevalence of possible psychiatric disorders are mixed. Prevalence of mental health problems, as shown in the following chart, decreases as we move up the income distribution with the exceptions of those households in the fourth and top income quintiles.

Figure 34: Signs of the presence of possible psychiatric disorder by equivalised household income, ages 65-75, 2012-2014



Source: Scottish Health Survey, 2012/2013/2014

This health inequality may go some way to explaining why earned income is a greater proportion of total income in higher income quintiles, as poor health of the poorest population can act as a great barrier to access work. As discussed in the previous chapter pensioners at the lowest quintiles of the income distribution receive a very limited proportion of their total income from earnings, indicating that they are less likely to continue work.

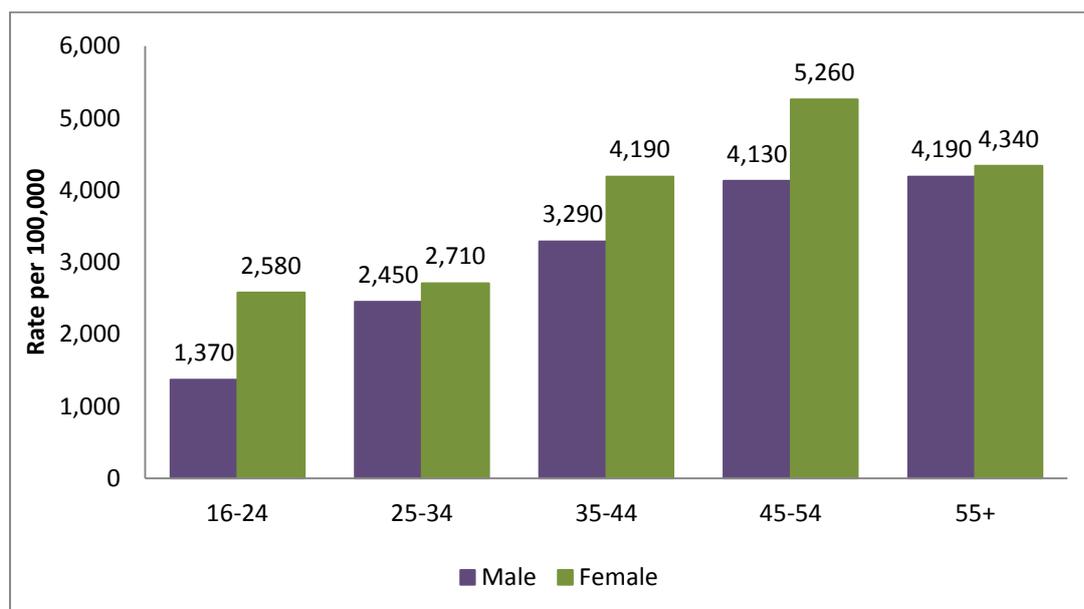
Well-being and working beyond state pension age

Volunteering in retirement is consistently shown to be beneficial to wellbeing²⁰.

Studies suggest that those in occupations with positive working environments might see benefits to health from working beyond SPA, whilst those who are forced to remain in poorer working conditions, due to the inadequacy of pension income, are likely to see a deterioration in health, and particularly in mental wellbeing. Retirement on the basis of redundancy, illness or another's illness was associated with higher levels of depression, as is retirement for those with low wealth.

Figure 35 shows the estimated prevalence and rates of self-reported illness caused or made worse by work. The highest rate of illness caused or made worse by work is for women aged 45 to 54. Men in age groups over 55 have incurred or reported illness caused or made worse by work more often than younger men (in all other age groups).

Figure 35: Estimated prevalence and rates of self-reported illness caused or made worse by work, by age and gender, for people working in the last 12 months, 2011/12



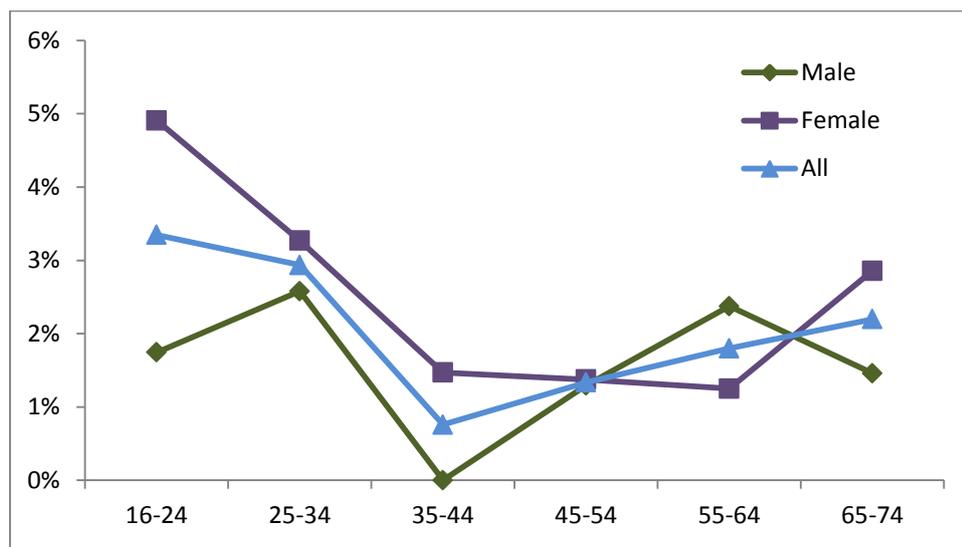
Source: Health and Safety statistics, Labour Force Survey

²⁰ Matthews and Nazroo (2015). Later-Life Work, health and Well-being: enduring inequalities. In *Paid work beyond pension age*, ed. Simon Scherger.

Age discrimination

Age discrimination can be a significant barrier for working pensioners. Figure 36 presents the general experience of discrimination by age group and sex in Scotland. Nearly 3% of women and 1.5% of men aged 65 to 74 have experienced discrimination at work. The overall figure for this age group is at 2%. For women, the age group that has experienced most discrimination at work is the 16-24 category (5%) whilst for men it is the 25-34 (2.6%) but also the 55-64 age group (2.4).

Figure 36: Experience of discrimination at work by age group, Scotland

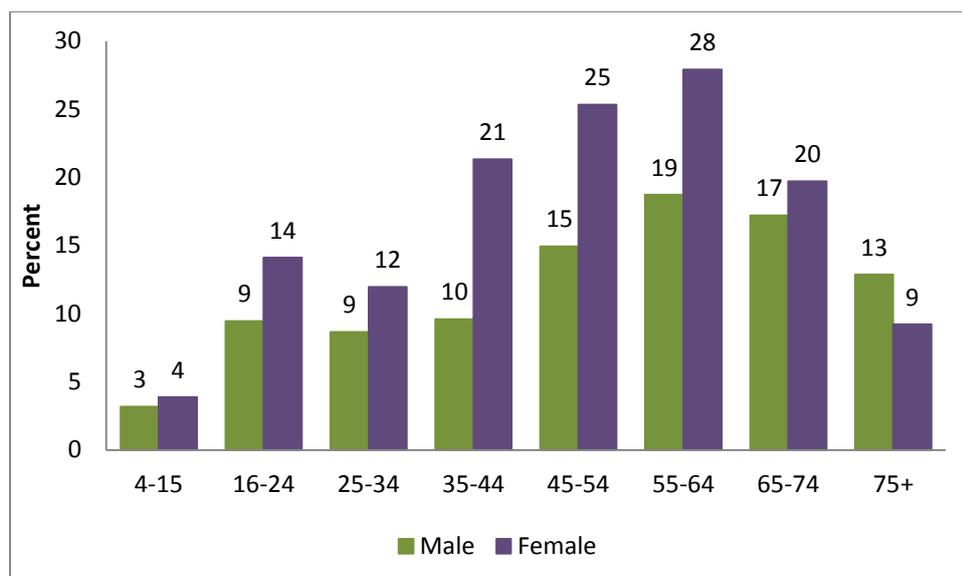


Source: Scottish Health Survey 2013, supplementary web tables

More women than men have caring responsibilities which could act as a barrier to start or continue working

As evidenced in the following chart, a considerably higher proportion of women in all age groups, with the exception of the 75+ category, have caring responsibilities. In the age group of 65 to 74, 20% of women have reported caring prevalence compared with 17% of men in this age group. For people aged 75 and over, only 9% of women have caring responsibilities compared with 13% of men.

Figure 37: Caring prevalence, 2013, by age and sex



Source: Scottish Health Survey 2013

Lower training participation in older workers

Evidence²¹ suggests that as workers age, they tend to experience ‘depreciation’ or ‘devaluation’ of their skills through lower levels of on-going training and education. Data shows that levels of participation in training is lower for the 55-74 age group compared to people in the 25-54 age group. This pattern could reflect either declining investment in training by employers or low take-up of training by employees.

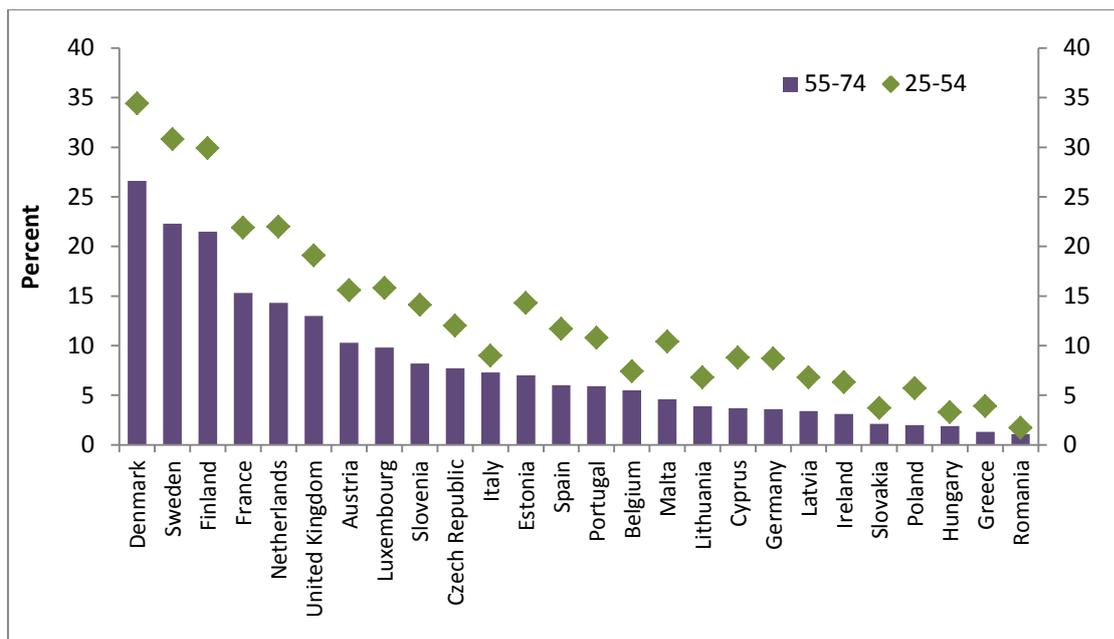
Qualification level plays an important role in determining how long individuals work for. Several studies²² report that less-qualified workers are more likely to exit the labour market earlier than white-collar and more qualified workers. A general decline in education and training even in the 25-54 age group could be ‘storing-up’ barriers in the form of accelerating depletion of skills.

The following chart sets out the gap in training between age groups and how this differs across the EU countries in 2014 figures. The UK comes sixth in the ranking with 19.1% of workforce aged 25 to 54 years participating in training and 13% of older workers aged 55 to 74 years taking on training opportunities.

²¹ D’Addio, A. C., Keese, M. and Whitehouse, E. (2010), Population ageing and labour markets, Oxford Review of Economic Policy, Volume 26, Number 4, 2010, pp. 613-635

²² D’Addio, A. C., Keese, M. and Whitehouse, E. (2010), Population ageing and labour markets, Oxford Review of Economic Policy, Volume 26, Number 4, 2010, pp. 613-635

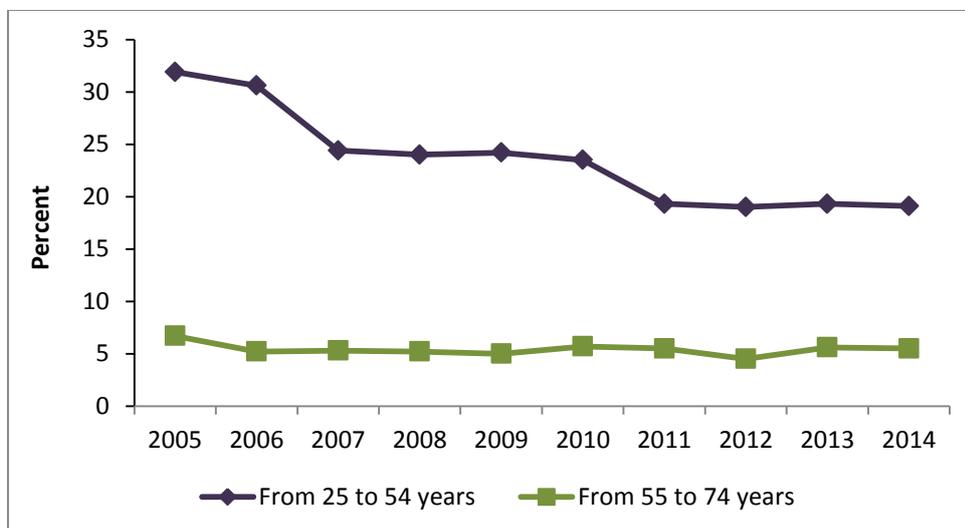
Figure 38: Training of older workers versus younger workers in the EU, 2014



Source: Eurostat (2016), Participation rate in education and training

The chart below shows that training participation in the UK between 2005 and 2014 has been declining across the broad range of ‘younger’ workers (age group 25-54), whilst the trend for workers in the 55-74 age group has been flat for the past decade, and consistently much lower than that of the 25-54 age group.

Figure 39: Training of older workers versus younger workers in the UK between 2005 and 2014



Source: Eurostat (2016), Participation rate in education and training

Inflexibility of working hours may be driving overemployment in pensioners

Flexibility in working pattern and hours can reduce work-related physical strain and promote a gradual transition to retirement²³. Research on older workers and working time²⁴ has shown that overemployment can have a negative impact on working pensioners where they wish to reduce their hours, especially where individuals have poorer health and economic conditions.

As discussed in the previous chapter, the number of working pensioners reporting that they are overemployed has been increasing. This suggests that lack of access to the various forms of flexible working is behind this, and is likely to act as a disincentive to work.

This logic is also consistent with the observations above on the rise in self-employment, which may be interpreted as an indication of older workers looking for more flexible working patterns.

Older workers may be channelled towards smaller firms and are paid less

Evidence from the UK²⁵ suggests that post SPA workers are over-represented in small firms, and that smaller firms appear to be more inclined to both retain and recruit older workers. This suggests that smaller firms may be offering conditions more suitable to the needs of older workers. Evidence²⁶ shows that small organisations often offer more flexible working arrangements.

Data for the UK from the Annual Survey of Hours and Earnings show that median hourly pay declines with age (see chart below). In the UK, 60+ female hourly rates are similar to those of age group 22-29. This is likely to be associated with people moving towards part time work and downgrading skill level in order to access greater flexibility.

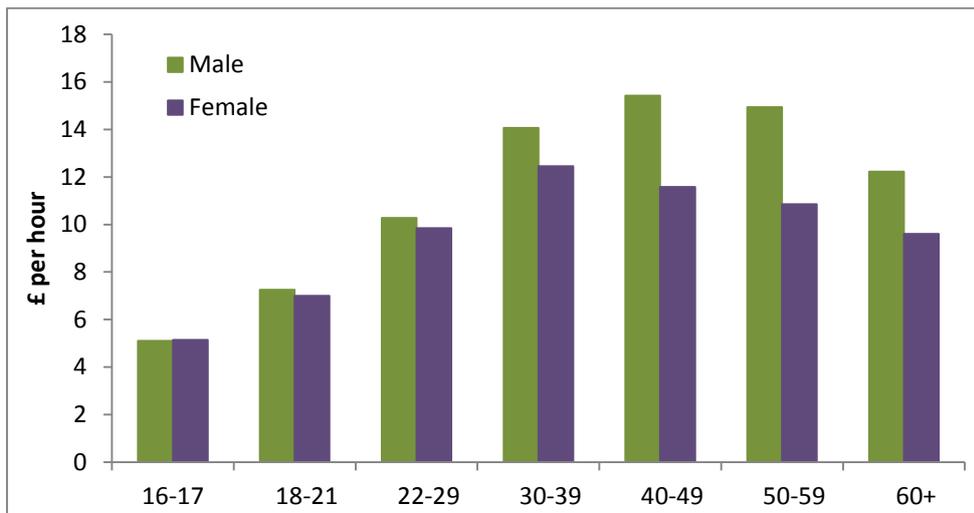
²³ Schmitz, J. (2015), Companies and Older Workers: Obstacles and drivers of labour market participation in recruitment and at the workplace. In S. Scherger, *Paid work beyond pension age comparative perspectives*. Hampshire, England: Palgrave Macmillan, pp. 217-236.

²⁴ Bell, D. N. F. and Rutherford, A. C., (2013). Older workers and working time, Discussion paper, IZA DP No.7546.

²⁵ Department for Work and Pensions (2003). Working after state pension Age: quantitative analysis. Research report No. 182.

²⁶ Dex, S., Scheibl, F., (2002). SMEs and flexible working arrangements. Joseph Rowntree Foundation.

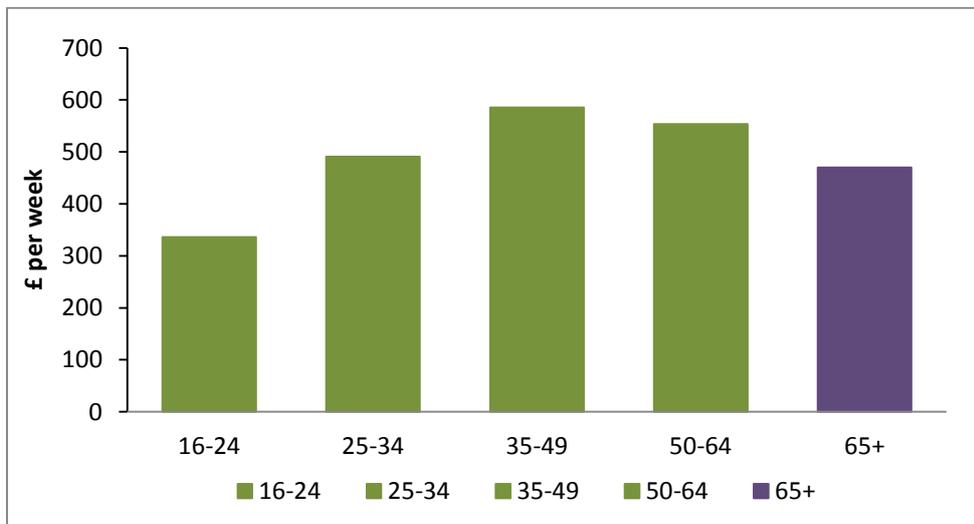
Figure 40: Median hourly pay - Excluding overtime: United Kingdom, 2015



Source: Annual Survey of Hours and Earnings, 2015 Provisional results

Data on median gross weekly earnings for full-time employees in Scotland suggest that older workers earn an average of £469.75 per week. This figure is lower than weekly earnings across the other age cohorts. Older workers are paid less within a range of 4 to 20 % when compared with workers aged 25 to 64.

Figure 41: Median gross weekly pay - Scotland, 2015



Source: Annual Survey of Hours and Earnings (ASHE), Office for National Statistics

Notes: Covers employees age 16+ on the PAYE system on adult rates and whose pay was not affected by absence

DISCUSSION AND CONCLUSIONS

This paper investigated current trends in pensioner employment in Scotland and identified an increasing trend in numbers of people continuing to work past pension age. In 2015, 49,200 male and 30,800 female workers were over the age of 65.

The main employment characteristics of working pensioners are:

- Working pensioners are mostly employees but they are more likely than any other age group to be self-employed
- The number of overemployed people aged 65+ has grown considerably over the past decade
- Looking at employment rates by broad occupation group, the largest growth in numbers has occurred in medium –high and low skilled occupation groups
- However, female pensioners work considerably more in medium-low and low skilled occupations, such as elementary and caring, leisure and other service occupations, than male pensioners. This finding reflects the widening gender pay gap in older age groups
- More women than men have caring responsibilities across all age groups with the exception of the over 75s

Based on this analysis, observations on the economic and social conditions are:

- The proportion of income from earnings is significantly lower for pensioners at the lower end of income distribution
- Many pensioners do not claim pension credit, mainly due to perceived ineligibility and perceived stigma
- Although underclaiming pension credit is unlikely to have a negative impact on pensioners who wish to work, pension credit would help improve the wellbeing of low income pensioners who cannot work
- Pensioner poverty has decreased more steeply than child and working age adult poverty
- Pensioners are now more likely to own a property outright than they used to
- Pensioners should reach the Minimum Income Standard more easily compared to working age single people, lone parents and couple parents
- However, the UK has among the lowest gross pension wealth and the second largest pensions gap across OECD countries

The most significant barriers for working pensioners are:

- Inequality of health outcomes
- Discrimination against age
- Skill depreciation that leads to restrained employability
- Limited training opportunities
- Inflexibility to reduce or adjust working hours

It has been argued that an ageing population could slow economic growth, lowering population labour market participation rates. However, there are some indications that the increase in pensioner employment has had a positive impact on economic growth as more people contribute to output and a positive impact on public finances as more people contribute to income tax receipts.

Next Steps

As can be seen from the key findings above, there are a range of concerns about aspects of pensioner employment. It is therefore proposed to explore these concerns in more detail in a second stage of analysis, which will be taken forward in coming months.

Implications for policy

The challenges of supporting people to be able to continue to work beyond pension age are similar to supporting older workers in general – flexible working, reduced hours (each to help people balance work with caring responsibilities), retraining, making allowances for medical appointments, etc. This requires working with employers to help them understand the opportunities and benefits of retaining/recruiting older workers and the ways of doing this that avoid detriments to the employers activities.

In addition, the Scottish Government is providing other forms of support on the following key issues, which are expected to improve conditions for working pensioners:

1. Health conditions are likely to be a significant barrier to work for pensioners who need additional income

- The Scottish Centre for Healthy Working Lives already provides advice to employers on supporting workers with health conditions as well as how health and wellbeing can be supported in the workplace.
- Fit for Work Scotland offer support to workers who are at risk of going off on long term sickness absence, which will particularly benefit those more at risk such as older workers.

2. High gender pay gaps for older age groups reduce work incentives for those approaching retirement

The Scottish Government has a comprehensive range of policies intended to help accelerate the long term decline of the pay gap across all age groups though:

- Transformative funding for quality affordable childcare
- Initiatives to tackle pregnancy and maternity discrimination

- A commitment to achieve greater gender diversity on Scotland's public, private and third sector boards
- Working with partners to encourage flexible working, family friendly workplaces
- Encouraging employers to pay the Living Wage, which will disproportionately benefit women who make up around 65% of employees earning less than the Living Wage
- Providing further investment to health and social care partnerships to enable the Living Wage to be paid to care workers, mainly women, supporting vulnerable adults.
- Funding for partners to encourage greater gender equality within: enterprise; employment including gender imbalanced occupations, in particular science, technology, engineering and maths careers; education and modern apprenticeships.
- Committing to establish an 'Advisory Council on Women and Girls' to advise on tackling workplace and occupational segregation and other issues relating to gender equality.
- Committing to work with employers to pilot 'Returners' scheme, which will bring experienced women back into their previous career after a break.

Scottish Government analysts are planning further analytical work on the gender pay gap to investigate what is driving a persistent pay gap in over 50s.

3. Levels of investment in training opportunities for older workers have been low for the past decade

Training and employment support has been focused on young people since the recession as the rates of youth unemployment have been higher than in the wider population and because of the negative long-term impact unemployment at a young age can have on individuals and the economy as a whole. However, the Scottish Government recognises the importance and value of older workers to Scotland's economy and has a range of policies intended to support older people employability:

- Continues to fund short courses that lead to work or career progression.
- Makes progress towards advancing older people's position in the labour market and boosting training opportunities for this group.
- Continues to work closely with Skills Development Scotland (SDS) who offer an all age careers service within Scotland, providing older workers with specific guidance and advice to get back into work or providing costs towards learning and training opportunities through Individual Learning Accounts.

Furthermore, the Scottish Government recognises that older workers are an important cohort to consider in the design of new employment services some of which will be devolved to Scotland from the 1st April 2017. The Scottish Government recognises the particular support requirements of older workers, which might include a focus on retraining and confidence building. The approach the Scottish Government is taking for all customers accessing the programme(s) will be person-centred and support plans will be developed with them and tailored to their needs.

4. Working pensioners are more over-employed than under-employed and therefore seek opportunities for more flexible working

The Scottish Government recognises the importance of high quality flexible options for working pensioners and is taking steps to encourage and support employers to understand the needs of working pensioners who have caring responsibilities, whether for elderly relatives or grandchildren and provide working patterns which suit those needs. In addition, the Scottish Government is an active partner in the Family Friendly Working Scotland (FFWS) Partnership.

The FFWS Partnership has taken steps to highlight to employers the support that working pensioners require, including:

- Delivering a seminar for employers in April 2016 titled: 'Business futures: what do changing workforce demographics mean for employers?' The event included a presentation from Dr Wendy Loretto of the University of Edinburgh Business School on: 'Older workers in the workplace'.
- Working closely with Carers Scotland, who operate the Carer Positive scheme. The scheme has been promoted to employers regularly at employer events.
- Delivering the annual Scottish Top Employers for Working Families awards, celebrating organisations that demonstrate excellent practice in relation to family friendly and flexible working. In recognition of the importance of supporting carers, including elderly carers, one of the award categories is the 'Carers Scotland Best for Carers and Eldercare'.

In light of demographic and employment trends, and the associated needs for family friendly and flexible working options, pensioner employment will remain a focus of work for the Family Friendly Working Scotland Partnership.



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