



Chapter 4: Extending working life in an ageing society



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Summary

We are living longer – something that we should celebrate, but which also raises challenges for individuals and for society in how we support an ageing population. As a key part of our response to these challenges, we must enable and encourage people to work longer. Higher employment will sustain national wealth, while longer working provides a greater opportunity for people to build provision for their retirement through private saving.

Significant progress towards increasing the number of older workers has already been made. Employment rates for older workers have increased steadily since 1997, and over 1 million people are now working after State Pension age. But more needs to be done to change the culture and behaviour surrounding retirement.

We will, therefore, bring forward further measures to address the key barriers which prevent people staying in work for longer, and encourage more people to work up to and beyond State Pension age:

- enabling greater flexibility to allow people to choose a phased approach to retirement;
- providing improved communications and information in support of longer working; and
- working in partnership with employers to encourage them to retain older workers, and to offer them greater flexibility around retirement.

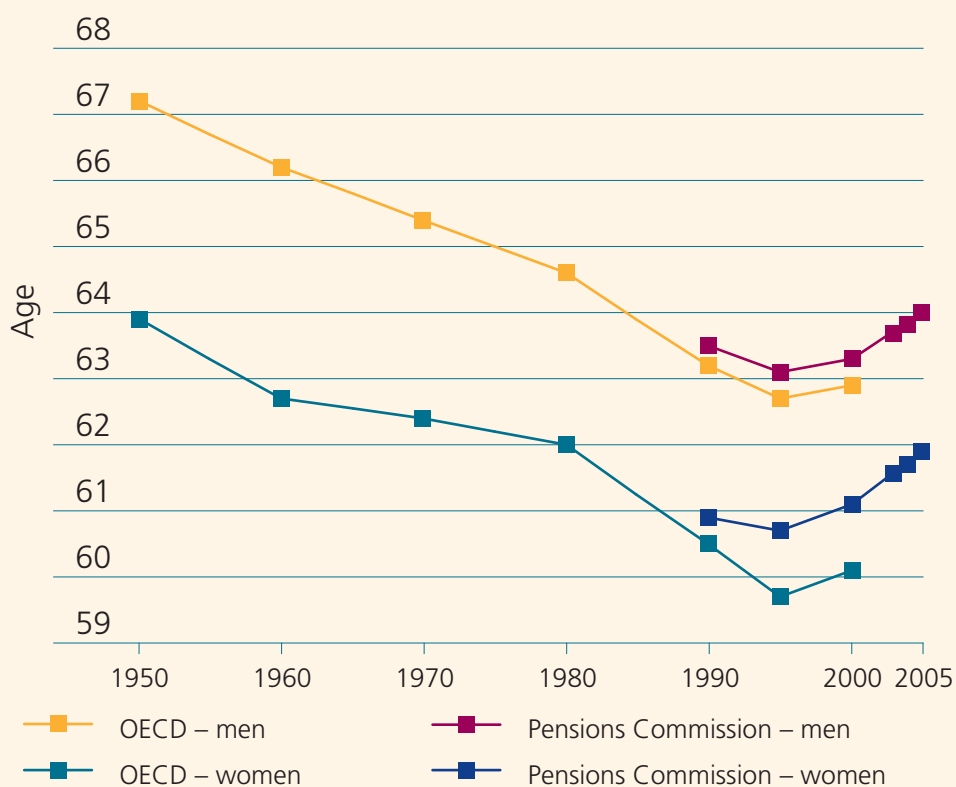
We also recognise that an ageing society raises wider challenges than simply those related to pensions and older workers. This chapter also develops further our strategy for an ageing society.

These elements of our policy will aid the **sustainability and affordability** of the pensions system, by contributing to our aspiration for an employment rate equivalent to 80 per cent of the working-age population. And through facilitating and encouraging longer working, they will help people to take **personal responsibility** for their security in retirement.

Context for reform

- 4.1 Despite improvements in longevity, average retirement ages have been falling – a trend that has only recently begun to reverse (see Figure 4.i). The average percentage of an adult male’s life spent in retirement has increased from 17 per cent in 1950 to 31 per cent in 2005 (see Figure 4.vii).

Figure 4.i Trends in mean age of retirement



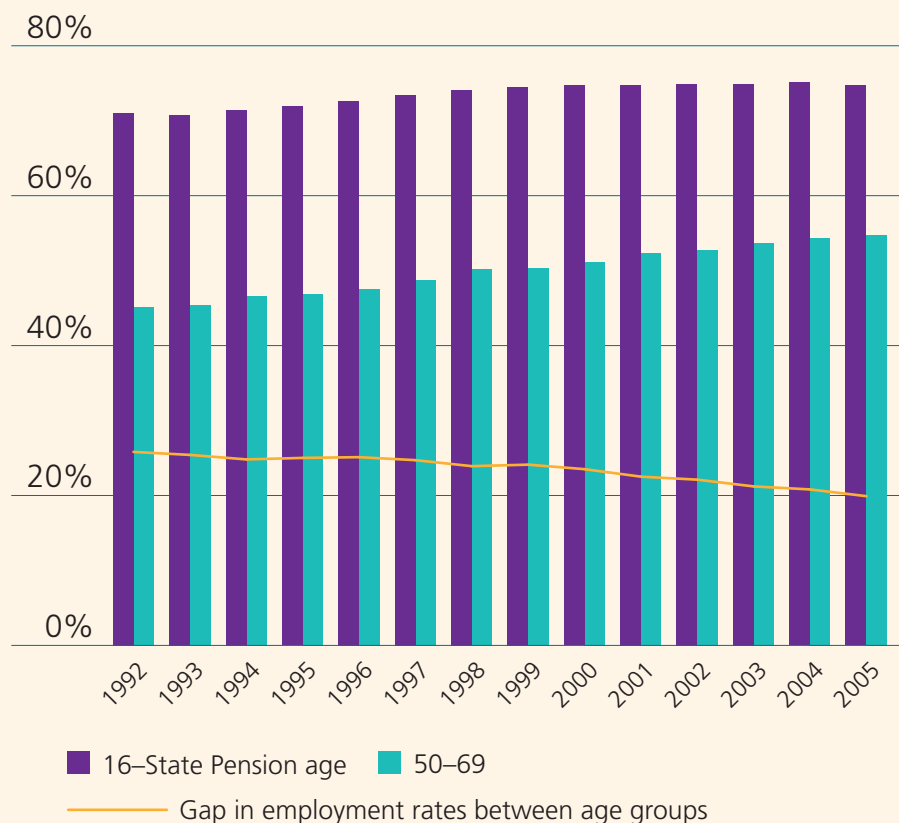
Sources: Blöndal and Scarpetta (1999), *The Retirement Decision in OECD Countries*, OECD Economics Department, Working Papers No.202, World Economic Forum (2004), *Living Happily Ever After: The Economic Implications of Ageing Societies*, Pensions Commission estimates

Addressing the pensions challenge through employment

- 4.2 Working for longer not only provides a direct means by which people can supplement their income in later life, but also a way of building up greater state and private pension entitlement for the future – thus helping them to maintain their standard of living in retirement.

- 4.3 Longer employment is the logical response to an ageing population: the more people who are in work and contributing to the growth of the economy, the more funds there will be available to support those people who are in retirement.
- 4.4 Recent years have seen a significant increase in the employment rate of 50 to 69-year-olds, which has risen by 6.1 percentage points from 48.7 per cent in 1997 to 54.8 per cent in 2005. However, the employment rate for people aged 50 to the current State Pension age (70.7 per cent) is still lower than for the overall working population (75 per cent), and considerably lower than for the 25–49 age group (over 80 per cent). More needs to be done to reduce the gap.

Figure 4.ii Difference in employment rates between people of working age and people aged between 50 and 69



Source: Labour Force Survey, GB, autumn quarters

Achieving an 80 per cent employment rate

- 4.5 In January 2006, *A new deal for welfare: Empowering people to work*¹ described the Government's long-term aspiration of an employment rate equivalent to 80 per cent of the working-age population. Realising this aim represents a substantial, yet

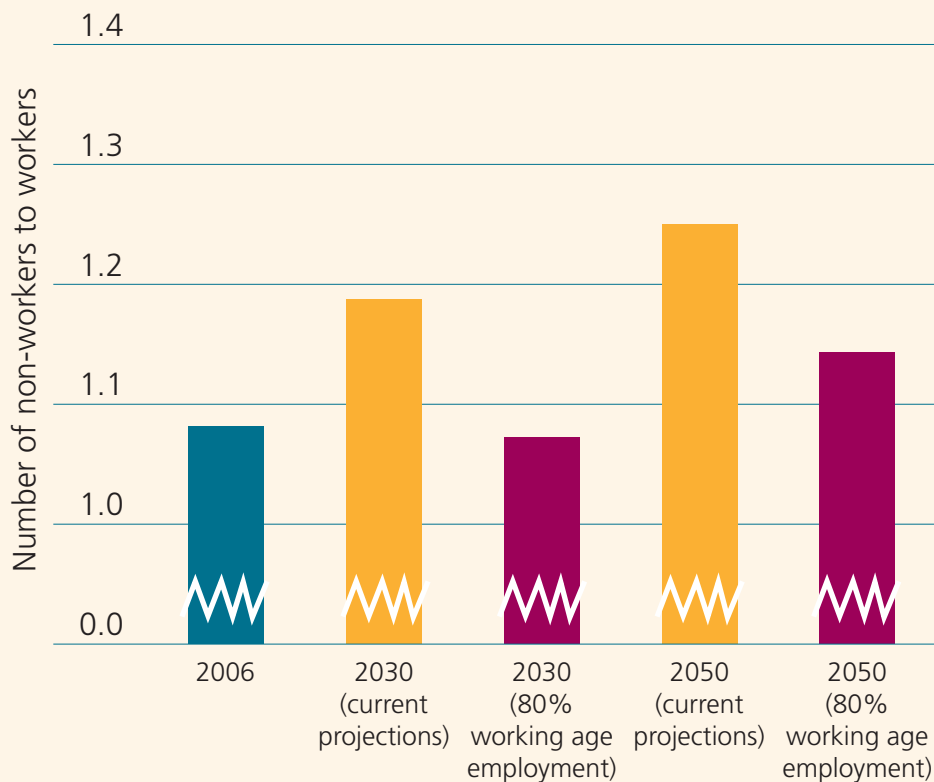
¹ DWP, 2006, *A new deal for welfare: Empowering people to work* (Cm 6730), DWP.

achievable, challenge. It would break all UK employment records. To move towards it, the Government aims to:

- reduce by 1 million the number of people on incapacity benefits;
- help 300,000 more lone parents into work; and
- increase the number of older workers by 1 million.

4.6 Improving employment for these groups will increase opportunity and decrease poverty, and will support an ageing population in the longer term. Figure 4.iii shows how the economic dependency ratio would differ from current projections in 2030 and 2050 if we were to meet our 80 per cent employment aspiration by 2030.

Figure 4.iii Impact of higher employment on the UK economic dependency ratio



Source: DWP estimates, based on Government Actuary's Department's 2004-based principal projection and HM Treasury projections of employment published in the 2005 Long-Term Public Finance Report

- 4.7 Reaching 80 per cent would lead to a significant increase in GDP, perhaps by as much as 2.7 percentage points by 2050.² Higher GDP would make total government expenditure more affordable and would increase the income available to support pensioners through the state pension system.
- 4.8 In addition, the reduction in the number of people receiving incapacity benefits and the additional lone parents and older people in work would reduce expenditure on benefits, while increased employment would also result in increased pension contributions, leading to reduced spending on Pension Credit, though with some increase in State Second Pension spending. Taken together, the reduction in benefit and pension spending could be up to 0.5 per cent of GDP in 2030.
- 4.9 Increasing the number of older workers by 1 million is a long-term aim and will need to take account of a number of factors. It will require a continued concerted effort to change the culture and behaviour surrounding retirement.

Current Government approach

- 4.10 Significant progress has already been made. In addition to the steady increases in employment rates for older workers since 1997, over 1 million people are now working after State Pension age.
- 4.11 The employment programme to help older workers, New Deal 50 plus, has supported over 150,000 entries into work since its launch in April 2000, and back-to-work help is now available to people claiming Pension Credit (from age 60). Our Age Positive campaign has influenced employers by promoting the business case for age-diverse workforces, and every year sees increasing interest from employers in adopting non-ageist employment practices.
- 4.12 We have taken action to ensure that those already choosing to work for longer are given the opportunity to do so. In October this year, new legislation will come into force, which, for the first time, will give people the right to challenge age discrimination in the workforce. We will also be introducing a default retirement age of 65, below which employers will not be able to force people to retire on the grounds of age (unless it can be objectively justified).
- 4.13 The default retirement age will be carefully monitored and after five years, in 2011, we will undertake a formal, evidence-based review. The default retirement age will be abolished if this review concludes that it is no longer appropriate. Of course, employers can operate without a retirement age and many are already realising the benefits of doing so.

² This based on a comparison between HM Treasury's *Long-Term Public Finance Report* and reaching employment equivalent to 80 per cent of the working-age population, assuming that the additional workers have weekly productivity that is half that of the remainder of the working population.

- 4.14 The Commission for Equality and Human Rights, due to be established by late 2007, will provide guidance to employers and individuals on good practice relating to age in employment and support implementation of the age discrimination legislation. Our Be Ready promotional campaign, launched in May last year and delivered in partnership with business groups and trade unions, has already begun to influence employment practice and raise awareness of the forthcoming legislation.
- 4.15 In April last year, more generous options for delaying taking the State Pension began, including for the first time the option of taking a lump sum. An individual who delays claiming their State Pension of £84.25 a week for two years could now get about £17.50 extra per week when they do claim, or they could receive a one-off taxable lump sum of around £9,300 plus their £84.25 a week pension. In April this year, we introduced changes to the rules of occupational pensions for those wishing to work more flexibly in the transition to retirement, so that (where schemes allow it) people can draw part of their pension while continuing to work for the same employer.
- 4.16 In the medium term, structural changes are also planned, including raising the earliest age from which a (non-state) pension can be taken from 50 to 55 by 2010. Equalisation of State Pension age, due to take place between 2010 and 2020, will see women's State Pension age rise gradually to 65 in line with that of men.

Helping older workers

- 4.17 The Government's recent publication, *A new deal for welfare: Empowering people to work*, proposed a series of measures to boost support for older people returning to work, and to improve the information available about options for work and retirement. These measures are now moving towards implementation:
- Aligning our additional employment support for long-term unemployed older people with that of younger age groups by requiring people aged 50 to 59 to take up the additional jobseeking support available through New Deal 25 plus. Phased national roll-out will commence from April 2007.
 - Requiring unemployed older people to participate in New Deal 50 plus activities after six months claiming benefits, including attending work-focused interviews and developing action plans. We are planning towards piloting this measure.
 - Improving back-to-work support for Jobseeker's Allowance claimants and their dependent partners who are over 50. This is already required for couples claiming Jobseeker's Allowance who were born after 1957, and keeps both partners in contact with the work-focused help and support available through Jobcentre Plus. This will happen from April 2007.
 - Piloting face-to-face guidance sessions tailored to help people approaching or over 50 and in work to understand the options available to them for work, training and retirement, and to support them in planning for later life. The pilots are due to begin in 2007.

- Working with employers to promote the extension of flexible working opportunities to older workers. Research found that, for 50 to 69-year-olds, many of those who were retired would have liked to have worked for longer if there had been part-time or flexible work options available.³ Our Be Ready campaign will begin this activity this year, and beyond that we will seek other vehicles for promoting this agenda.
- Increasing the involvement of the information, advice and guidance services in promoting the New Deal 50 plus In Work Training Grant and supporting those people over 50 interested in taking it up.

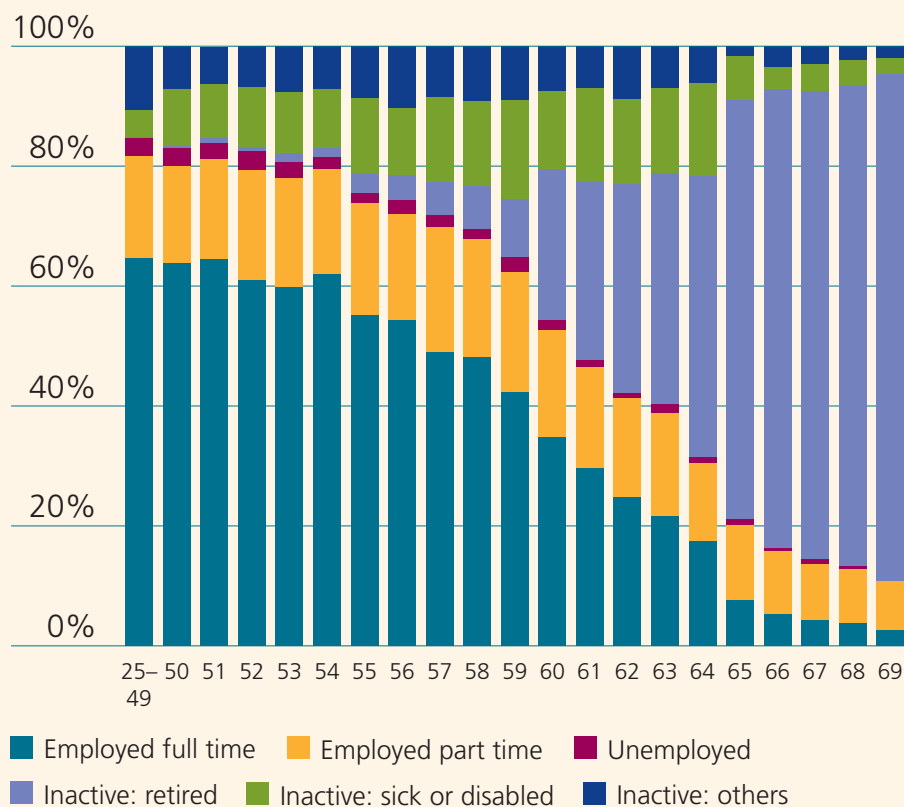
Enabling longer working

Overcoming barriers to longer working

- 4.18 The first step towards extending working life is to overcome the barriers that we know prevent or discourage people from working for longer. Poor health and disability status are the most significant factors pushing people in their 50s and 60s out of work and reducing the likelihood that they will return. Promoting healthy workplaces and securing good management of occupational health is therefore crucial to increasing healthy outcomes throughout life and helping older people work to a later age if they wish to do so.
- 4.19 In October 2005, the Government launched a strategy for the health and well-being of working-age people, *Health, work and well-being – Caring for our future*.⁴ The new National Director for Occupational Health will lead this ambitious programme of work.
- 4.20 We also recognise that working patterns and the barriers to longer working are not the same for everyone aged 50 or over. While there are common features that affect older workers of all ages, when we look at employment patterns by age we see some specific factors at work for different age groups.

³ *Do employers need older workers?* Briefing Paper 5, October 2005, Centre for Research into the Older Workforce at the University of Surrey.

⁴ DWP, DH and HSE, 2005, *Health, work and well-being – Caring for our future*.

Figure 4.iv Economic activity by age

Source: Labour Force Survey, Autumn 2005, GB

Note: The 'Inactive: others' category includes those who are economically inactive because they are looking after family/home, or are inactive for other reasons.

50–59: Of those people over 50 but under the State Pension age, we know that more are economically inactive due to ill-health than are out of work due to retirement or unemployment. We also know that half of those people claiming Incapacity Benefit are over 50. Early intervention is critical to ensure that people do not become dependent on benefits and move into early retirement. We set out proposals in this area in *A new deal for welfare: Empowering people to work*.

60–65: The most common time for change from employment to economic inactivity (especially to retirement) is between age 60 and 65, as shown in Figure 4.iv. Around 45 per cent of men and 67 per cent of women in the 60–64 age group are economically inactive. We know that those who work up to State Pension age are most likely to be working beyond State Pension age. Supporting this group in work for longer will be key to sustaining work up to State Pension age and beyond, particularly as women's State Pension age equalises. Therefore if we are to achieve our aspiration of 1 million additional older workers, we need to address some of the barriers faced by this group.

State Pension age and over: Over 1 million people over State Pension age are working today, many in part-time work. The employment rate for those over State Pension age has increased from 7.9 per cent in autumn 2000 to 10.2 per cent in autumn 2005. The average age of retirement for women is currently about 62, which is above women's State Pension age. However, further growth is vital for the future, which may involve people working increasingly flexibly in a way that suits their personal circumstances after State Pension age.

- 4.21 In Chapter 3, we discuss proposals for raising State Pension age from 2024 onwards, in order to ensure a more generous State Pension in the face of rising average life expectancy. Individuals under the age of 47 (on 5 April 2006) will have to wait longer to receive their State Pension, and for some this will mean working for longer than they might have originally planned.

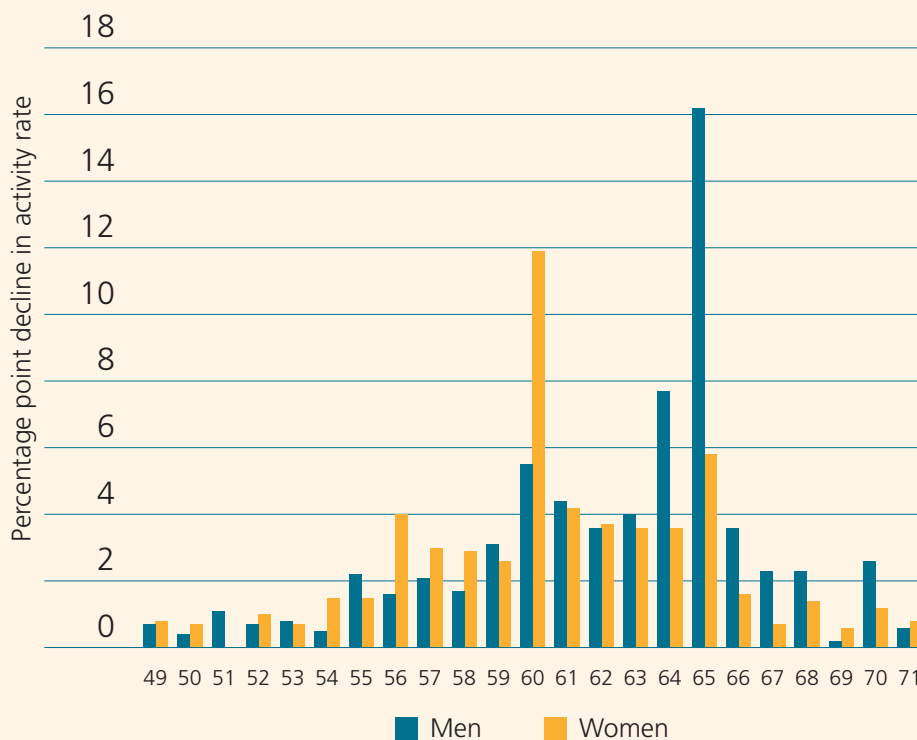
Figure 4.v Future eligibility for State Pension

Age on 5 April 2006		Eligible for State Pension from
Women	Men	
56		60th birthday
51–55		between 60th and 65th birthday
47–50	47 or older	65th birthday
46		between 65th and 66th birthday
38–45		66th birthday
37		between 66th and 67th birthday
29–36		67th birthday
28		between 67th and 68th birthday
27 or younger		68th birthday

Note: Women's State Pension age is already due to gradually increase to 65 between 2010 and 2020.

- 4.22 Figure 4.vi shows that the current State Pension age is important in determining when people retire; there are quite sharp increases in the move to inactivity at 65 for men and 60 for women. However, the current average age at which people leave the labour market is 64 for men and 62 for women, which shows that, although State Pension age has an influence upon when people retire, it is not perhaps as powerful in deciding when people leave the labour market as some might think.

Figure 4.vi Average annual decline in activity rates of single-year cohorts, average over 2001–05



Source: Labour Force Survey, GB

Notes: Calculated from Labour Force Survey four quarter averages.

Figures are calculated by averaging the difference in activity rates, since the previous year, over the period 2001–05 for each single-year cohort. For example, the activity rate of the 55 age group is compared with the activity rate of the 54 age group the previous year for each year 2001–05, and the differences are then averaged over the period. The results show a marginal rise in activity for women aged 51, but this has not been included in the Figure.

4.23 The rise in State Pension age will therefore need to go hand in hand with behavioural change around retirement, changes to the benefit system, as set out in *A new deal for welfare: Empowering people to work*, and a corresponding rise in average retirement age.

4.24 In 1950, the average male retired at age 67 and could expect to live for another 10.2 years, thus spending 17 per cent of his life in retirement. Today the average retirement age for men is 64, and life expectancy at that age is another 20.9 years, meaning that 31 per cent of life is spent in retirement. If we were to achieve an average retirement age of 65 for men by 2020, rising life expectancy could still mean that the same proportion (31 per cent) of life would be spent in retirement as now – see Figure 4.vii.

Figure 4.vii Percentage of adult male life spent in retirement

Due to rising life expectancy, the average man who worked to age 64 in 2005 will spend the same percentage of their life in work and in retirement as a man who might retire at age 68 in 2050. In 1950 the average man retired at age 67 and had a much lower percentage of adult life spent in retirement.

	1950	2005	2020	2050
Age of retirement	67	64	65	68
Life expectancy at age of retirement (years)	10.2	20.9	21.6	21.4
Percentage of adult life (18+) spent in retirement	17.2	31.3	31.4	30.0

Sources: Government Actuary's Department's UK life tables; Pensions Commission for historic retirement data

Looking ahead: a long-term approach

- 4.25 Our future efforts need to respond to the different experiences and circumstances of the age groups outlined above and address the factors that lead to early economic inactivity. In considering what more needs to be done, we have not focused solely on low-income groups, but have considered what will encourage people of all incomes to continue working, as this will be of maximum benefit to the economy and to the long-term future of our pensions system. And people of all incomes may benefit from the higher replacement rates gained by longer working.
- 4.26 To achieve the rise in average retirement ages and increased employment rates in the long term, we propose a two-pronged approach that (a) effectively supports people who are sick, disabled or unemployed in returning to work, with greater focus on those in their late 50s and over 60s as State Pension age is equalised; and (b) supports people in work for longer (potentially for a year or two more).
- 4.27 The measures outlined in *A new deal for welfare: Empowering people to work* will provide greater support to older people returning to work. We now also need to provide measures that will encourage and enable people to remain in work for longer. This means:
- enabling greater flexibility to allow people to manage caring responsibilities and health issues alongside work, and to choose a phased approach to retirement;
 - informing people about their options and choices, addressing age discrimination and tackling the culture of early retirement, through improved communications, especially to individuals; and
 - working in partnership with employers to encourage them to retain older workers and offer them greater flexibility around retirement.

Flexible working and phased retirement

- 4.28 Increasing choice and flexibility around retirement will enable people to continue working who might otherwise leave the workforce, due to other demands on their time and energies or their inability to cope with full-time working in their current job. Flexible working consistently features in research and reports as a key element to any strategy to encourage and help older people to stay in work. It enables people to manage health conditions, balance caring responsibilities, and achieve a smooth transition into an active retirement by allowing the pursuit of other activities alongside working.
- 4.29 Recently published DWP research⁵ with people aged 50–69 highlighted that the attitudes of individuals and employers affected the ability to extend working life. Where health problems and caring responsibilities had been taken into account by their employer, some people were able to remain in work. However, others felt that they were a burden and so did not want to ask for their needs to be accommodated. Respondents felt that government had a role in supporting flexible working practices. Other research found that, among 50 to 69-year-olds, half of those in work wanted to carry on working and many of those who were retired would have liked to have worked for longer if there had been part-time or flexible work options available.⁶
- 4.30 We introduced the right to request flexible working for parents with young children in 2003 and this has proved successful at helping parents to combine work with caring for their families, with 90 per cent of requests agreed. We are extending this right to include carers of adults from April 2007. As the peak of caring responsibility falls between the ages of 45 and 65, this new right will be of significant benefit to older workers, who will have greater opportunity to balance caring with working. The Government has committed to a full, evidence-based review in 2011 of the default retirement age being introduced in October this year. As part of this review, we will consider the working patterns of older people.
- 4.31 We have already announced in *A new deal for welfare: Empowering people to work* that we will work with employers through Age Positive to promote best practice and encourage more opportunities for flexible working and retirement. However, there are also ways in which the pensions and benefits systems can support flexible retirement and make flexible working more affordable for people on low incomes. Doing so would mirror the opportunities available to better-off people, who can take advantage of the flexibility in occupational pension schemes that supports part-time work leading up to retirement.

⁵ Irving et al, 2005, *Factors affecting the labour market participation of older workers: Qualitative research*, DWP Research Report 281.

⁶ *Do employers need older workers?*, Briefing Paper 5, October 2005, Centre for Research into the Older Workforce at the University of Surrey.

- 4.32 The Pensions Commission has suggested that State Pension deferral could be beneficial to people on lower incomes who want to continue to work, by allowing them to draw part of their pension while deferring the rest. We are keen to see how the changes introduced last year to make State Pension deferral more generous will increase the numbers of people working and deferring, and will be undertaking research on this in due course.
- 4.33 We will consider how State Pension deferral might in the future offer greater flexibility, both in terms of the amount drawn and deferred, and in terms of allowing people more flexibility to move in and out of work after State Pension age. This second flexibility would mean offering people the chance to draw their pension when they need the income and defer it again when they can support themselves through work. However, this would increase complexity and will need careful consideration once research findings are available.

Supporting informed decision making

- 4.34 We already have well-developed communications campaigns in place, focused on raising awareness of age diversity in the workplace and promoting the interests of older workers, but these are aimed at employers. Age Positive has been running since 2000 to promote the business benefits of an age-diverse workforce. The campaign includes employer case studies and guidance on a dedicated website, as well as events, awards initiatives, research and generating media coverage in the leading national, regional and trade press.
- 4.35 Announced in the 2004 Budget, the Government's Be Ready campaign was launched in May 2005, in partnership with employer lobby groups and trade unions, and is in the process of targeting promotional material at all 1.4 million employers in Great Britain. It aims to promote good practice relating to age in employment, and to encourage employers to move towards age diversity in advance of the implementation of age discrimination legislation in October 2006.
- 4.36 In *A new deal for welfare: Empowering people to work*, we announced that we will conduct pilots of face-to-face guidance with people approaching or over 50, to help individuals to understand their options in relation to work, training and retirement, and to plan constructively for later life. We hope to learn from these pilots about the type of information and support people need, and to use this to improve government communications to this group, as well as developing best practice for others who provide help to the over-50s.

4.37 However, we know that a considerable shift in opinion is needed to change behaviour towards later retirement, and so more effort will be needed over the next decade. Research tells us that many people are not aware of the benefits of working longer and the links between work and their retirement income. For example:

- People do not realise by how much life expectancy has increased. They underestimate the age to which they can expect to live and anticipate becoming sick and dying in a similar timescale to that of the previous generation. They also have low awareness of the general demographic structure of the UK and the economic and social impacts this will have in the future.⁷
- There is still a commonly held attitude among employees that older people remaining in work prevents younger people from getting jobs.⁸
- Individuals have unrealistic aspirations for early retirement, which are unlikely to be realised without sensible planning and significant saving.⁹
- Only around a third of people who had retired voluntarily before State Pension age had considered the financial implications of doing so.¹⁰
- People tend to have fixed ideas about the nature of work, viewing it as 'full time' and 'fixed or permanent' and rarely considering that work could be part time or flexible and could fit around other interests and commitments.¹¹

4.38 The findings from the National Pensions Debate suggest that when people are given more information to counteract some of these misconceptions, their understanding of the importance of working longer grows and they are more prepared to accept that retirement should happen later than they might have previously assumed. At the start of National Pensions Day, 42 per cent of the participants agreed that people would have to work longer to solve the pensions issues in the UK; at the end of the day, this figure had risen to 57 per cent.

4.39 Better information is vital to raise awareness and assist decision making in planning for later life. The Government will actively pursue a long-term strategic approach to communication with its audiences, integrating all relevant elements of communications for future pensioners, including State Pension deferral, equalisation of State Pension age and extending working life, to ensure the delivery of joined-up and relevant communications to customers.

⁷ Mayhew V, 2002, *Pensions 2002, Public attitudes to pensions and planning for retirement*, DWP; Robinson P, 2005, *Working later: Raising the effective age of retirement*, IPPR.

⁸ Irving et al, 2005, *Factors affecting the labour market participation of older workers: Qualitative research*, DWP; Gosling and Lewis, 2005, *Trust no-one? Public attitudes to raising the age of retirement*, IPPR.

⁹ Mayhew V, 2002, *Pensions 2002: Public attitudes to pensions and planning for retirement*, DWP.

¹⁰ Humphrey et al, 2003, *Factors affecting the labour market participation of older workers*, DWP.

¹¹ Irving et al, 2005, *Factors affecting the labour market participation of older workers: Qualitative research*, DWP.

4.40 There are a number of specific steps we will take to ensure that messages are communicated consistently to the over-50s, to help them understand the options available to them. We will:

- include information on the opportunities and support available to extend working life and provide signposting in Pension Service leaflets to people approaching State Pension age and planning for retirement;
- offer information about the opportunities and support available on extending working life and provide signposting to more detailed sources of information and guidance in pension forecasts that are issued to people over 50;
- increase public awareness of State Pension deferral by more prominently publicising its availability in the State Pension application process, in State Pension forecasts and in any other relevant materials; and
- provide general awareness training for all Pension Service front-line staff and more in-depth training for staff most likely to deal directly with customers who are approaching State Pension age.

Working with employers

4.41 We cannot deliver increased employment rates and higher average retirement ages without the support of employers. Much good practice already exists, and many employers operate employment policies that actively support older workers and offer flexibility around retirement. Our research¹² shows that around two-thirds of employers have equal opportunities policies and performance appraisal systems which can help guard against discrimination.

4.42 However, there are still many that operate policies and practices that are potentially discriminatory – indeed, one-fifth of employers say that some jobs in their establishment are more suitable for some age groups than others, with a tendency to favour workers between 25 and 49 years of age. Building on our current employer engagement programmes, we will work in partnership with employers to better support longer working.

¹² Metcalf with Meadows, 2006, *Survey of employers' policies, practices and preferences relating to age*, DWP Research Report 325.

The public sector as an employer

- 4.43 The Pensions Commission recommended that public sector employers should be exemplars in defining and encouraging best practice for older workers in the areas of recruitment, retention, retirement, occupational health and education and training. In the fourth quarter of 2005, the public sector accounted for one in five workers in the UK, and therefore its employment practices will have a big impact on the workforce in general. The Government can play a vital role in leading the way and we propose to begin by introducing change across government departments.
- 4.44 Government departments are committed to improving working practices to support older workers and to using their influence across other areas of the public sector to ensure non-discriminatory practices. We will identify the best practice that already exists and consider ways to encourage more good practice across the public sector.
- 4.45 The Department for Work and Pensions has already taken the decision to operate without a compulsory retirement age for its staff. This decision is based on the evidence of successfully operating with a retirement age of 65 with a right for employees to request working longer, for the past two years, even in the light of significant reductions in staff numbers to improve efficiency during this period.
- 4.46 We want the public sector to become an exemplar of health and well-being at work. The Ministerial Task Force for Health, Safety and Productivity, which was set up to drive improvements in sickness absence management in the public sector, will support the *Health, work and well-being* strategy by ensuring that the public sector responds and leads by example.
- 4.47 The measures outlined here and in *A new deal for welfare: Empowering people to work* will take time to have an effect on employment rates and average retirement ages, especially where we are seeking to effect a culture change. We will monitor progress carefully and work with employers and partners to understand how employment practices and retirement behaviour are changing. Given the importance of this agenda in securing both higher employment and security in retirement, we will keep it under periodic review to consider in the future whether further government interventions are needed.

The wider context: a strategic approach to an ageing society

- 4.48 Achieving a culture change with respect to the length of working lives and raising average retirement ages are crucial to forming a response to an ageing society that is fair, affordable and sustainable. But our response to an ageing population stretches far wider than just ensuring financial security in retirement. We need to ensure that quality of life, respect and dignity in older age are also secure.

4.49 In March 2005, the Government published *Opportunity Age*,¹³ our strategy for a successful ageing society. The strategy aims to promote a wide culture change, ending the perception of older people as 'dependent', and to ensure that longer life is healthy and fulfilling, with older people playing a full part in society. We set out how all parts of government, central and local, are organising themselves more effectively to deliver a wide range of initiatives – not only to improve financial security and extend working life, but also to combat discrimination, promote active ageing and improve services to promote the well-being and independence of older people.

4.50 We have now taken account of responses to the consultation on *Opportunity Age*¹⁴ and are taking action to:

- establish a set of indicators of well-being and independence, which will enable us to track progress. We will report on a biennial basis starting with a baseline document in summer 2006;
- consider the scope for setting up an Office for Ageing and Older People to promote the ageing agenda, together with an Observatory to improve the co-ordination and dissemination of information about ageing;
- promote active ageing and tackle health inequalities, particularly focusing on the most socially excluded;
- put together a cross-government approach to the needs of older people and an ageing society for the 2007 Comprehensive Spending Review; and
- launch the LinkAge Plus pilots in eight areas, from July 2006, to test the most effective way of delivering holistic services for older people.

This programme of work also builds on the recent Social Exclusion Unit report on excluded older people¹⁵ and the Department of Health's White Paper.¹⁶ In order to drive it, we will develop existing structures, such as the Cabinet Sub-Committee on Ageing and its supporting mechanisms.

¹³ DWP, 2005, *Opportunity Age: Meeting the challenges of ageing in the 21st century* (Cm 6466i), DWP.

¹⁴ A summary of responses to the consultation on *Opportunity Age* will shortly be available on the DWP website at www.dwp.gov.uk/opportunity_age/

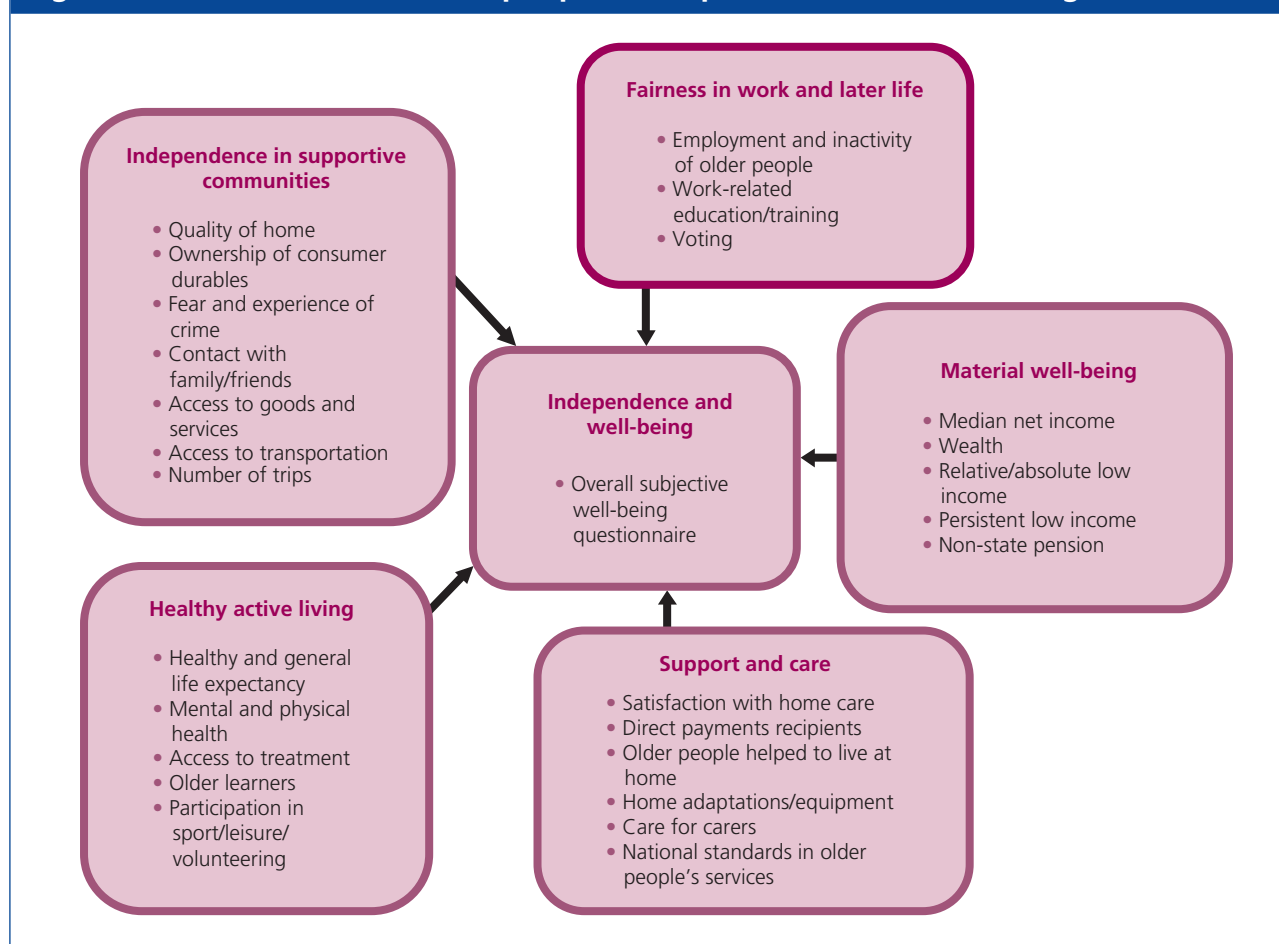
¹⁵ Social Exclusion Unit, 2006, *A sure start to later life: Ending inequalities for older people*, ODPM.

¹⁶ Department of Health, 2006, *Our health, our care, our say: A new direction for community services* (Cm 6737).

Establishing a set of indicators

4.51 In *Opportunity Age*, we committed to develop a set of indicators of older people's well-being and independence so that we could see what effect central and local government strategies on ageing were having on the lives of today's and tomorrow's older people. With the help of stakeholders across and beyond government, we have agreed a baseline set of indicators on which we intend to publish our first report in the summer. Figure 4.viii shows these indicators.¹⁷ We intend to develop additional measures, which we need in order to reach a balanced assessment based on the direct experience of older people, to add to or refine this original set, and to publish progress reports biennially, starting in 2008.

Figure 4.viii Indicators of older people's independence and well-being



¹⁷ Full details of the indicators, with their data sources, will be available shortly on the DWP website at www.dwp.gov.uk/opportunity_age/