

First is You. You are First



# Living longer: How our population is changing and why it matters

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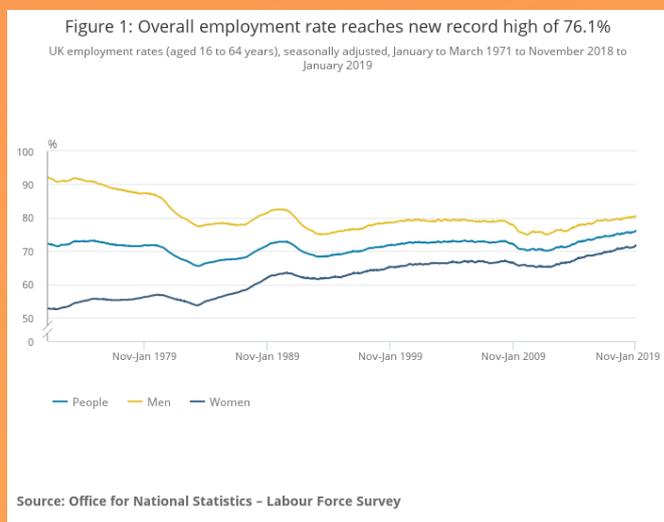


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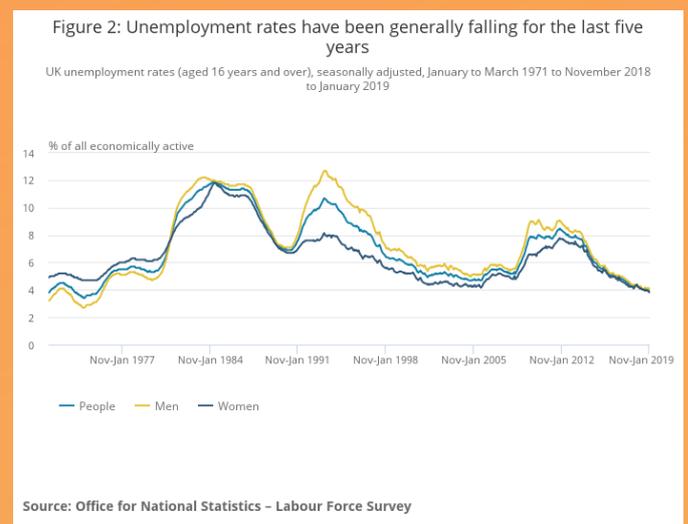
# Living longer: How our population is changing and why it matters

Our population is ageing, no question. The ONS recently reported their latest projections that show that in 50 years' time, there are likely to be an additional 8.6 million people aged 65 years and over (a population roughly the size of London).

This ageing and changing structure of our population will bring both opportunities and challenges for the economy.



However, with employment at its highest (Fig 1)



and unemployment at its lowest, (Fig 2)

is the pool of experienced, capable individuals over the age of 65 really being capitalised upon or are stereo types still too ingrained in society to see the opportunities that our changing population brings?

# So why does our ageing population matter?

The changing and ageing structure of our population is driven primarily by two factors. Firstly, improvements in life expectancy mean that people are living longer and reaching older ages. Along with this, there has been a decrease in fertility, people are having fewer children and are having children later in life.

We can't ignore that the number and proportion of both men and women aged 65 years and over who are working has generally risen across the past two decades.

(Fig 4)

Employment rates doubled for those aged 65 years and over between 1993 and 2018, and increased by almost one-third for those aged 50 to 64 years.

In 2015 half of all people over State Pension Age (SPA) reported

doing so because they were not ready to stop work. The second most common reason given for continuing to work was that they had to pay for essential items such as bills (15%). Only 7% of people working past SPA said they were doing so because they had to boost their pension pot (Fig 3).

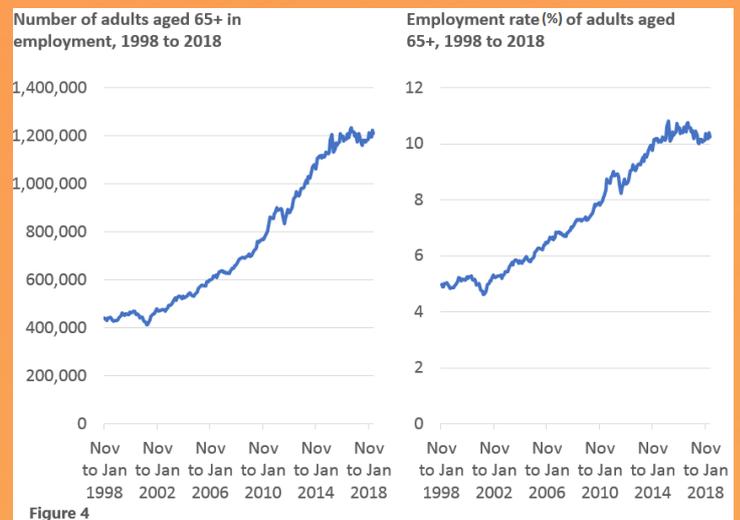
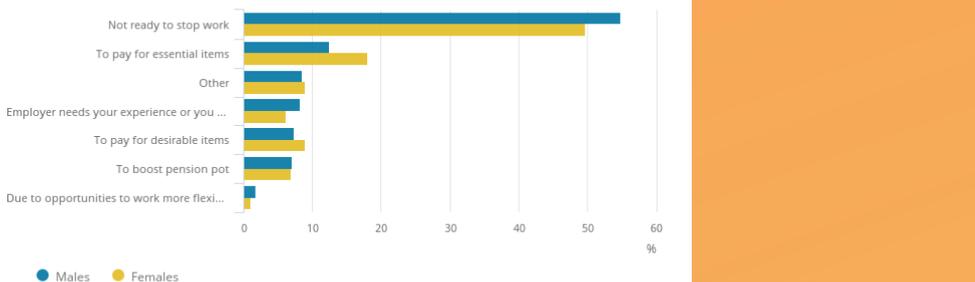


Figure 4

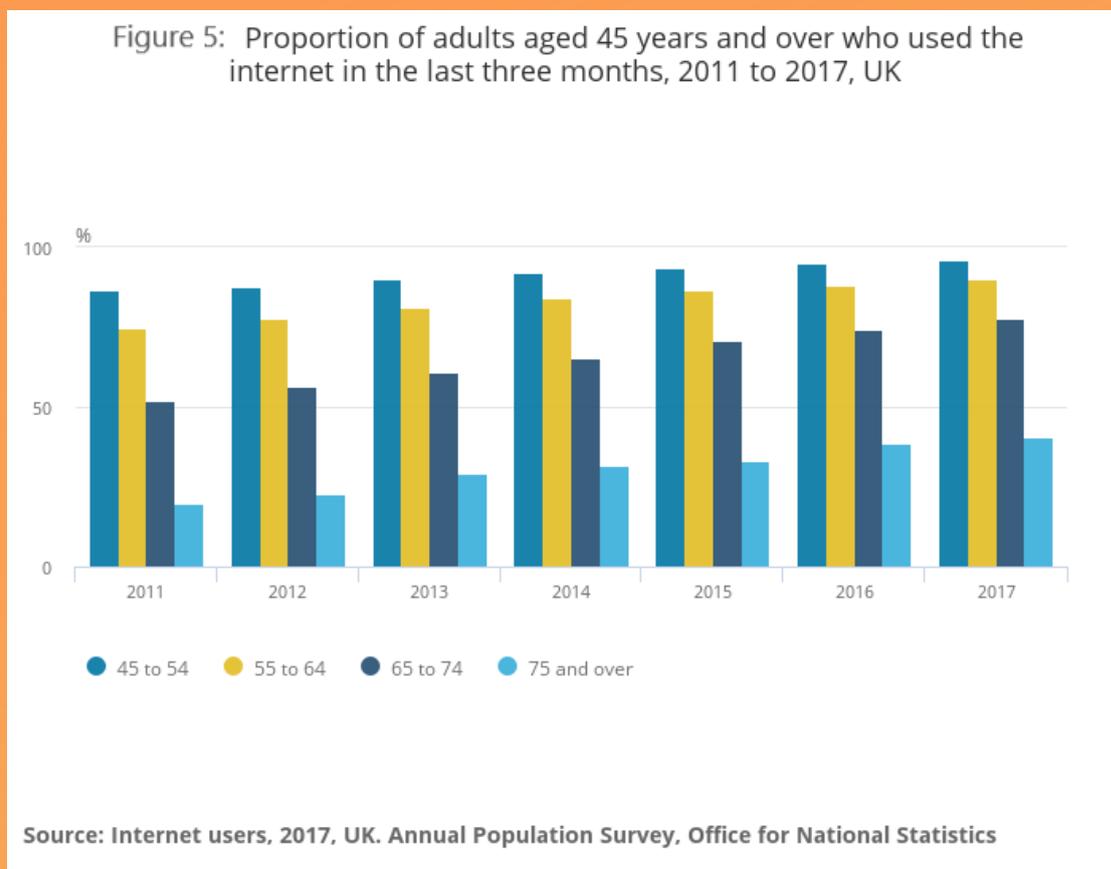
Figure 3 Reasons given for working beyond State Pension age, 2015, UK



Source: Annual Population Survey, Office for National Statistics

The other thing to consider is how well connected older people are and whether the perception of technical capability and ability to use new technology might dissuade those hiring managers from considering the over 65's.

Surveys suggest that 'Digital Exclusion' amongst older people may become less of an issue in the future as those who have used the internet in their working and social lives continue to do so as they reach older ages. (Fig 5)



We know that there are other challenges to an older workforce such as more chance of illness, cognitive decline and possibly decline in bodily strength. However, medical advances and healthier lifestyles should go some way to supporting the serious consideration of these concerns being outweighed by the need of the wider economy and the lack of expertise that is readily available.

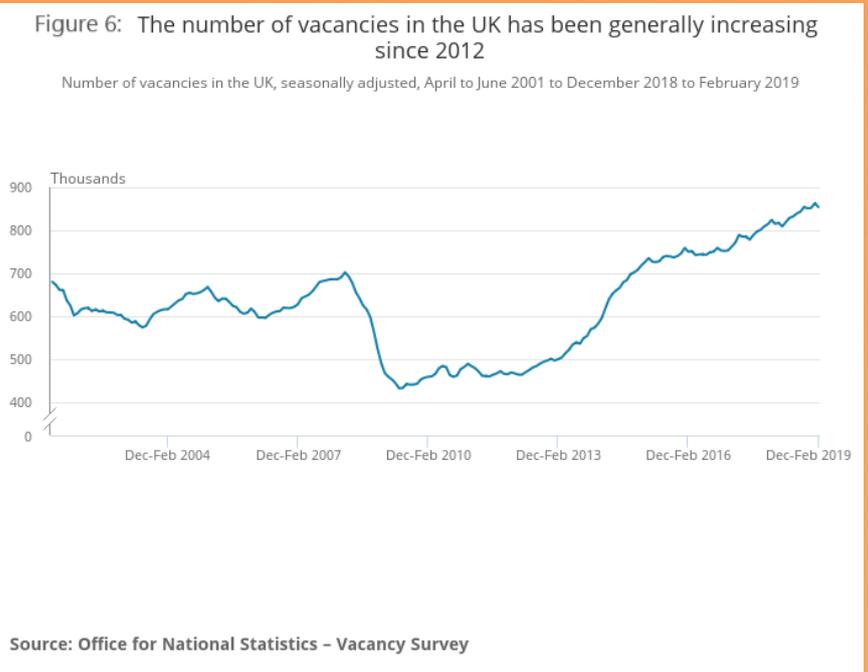
# Record highs and record lows

When you look at current employment statistics, the number of people in work in the UK has reached a record high of 32.54 million.

The latest figures from the Office for National Statistics show unemployment was flat, with a small increase of 8,000 between September and November 18 for a total of 1.37 million.

The number of job vacancies rose by 10,000 to a record high of 853,000. (Fig 6)

So, the share of the population in work is now the highest on record and meanwhile, the share of the workforce looking for work and unable to find it remains at its lowest for over 40 years, helped by the record number of job vacancies.



It's safe to say that the jobs market is robust! Brexit doesn't appear to have stifled the UK jobs market in the way that was a previous concern.

To break the above figures down into percentages, the UK employment rate is estimated at 76.1%, (higher than for a year earlier 75.3%). The stats show that the UK unemployment rate is estimated at 3.9%, (it has not been lower since November 1974).

The UK economic inactivity rate is estimated at 20.7%, (lower than for a year earlier 21.2%) and again the lowest figure on record for economic activity.

# Current job vacancies in the UK and the skills shortages

During the recession of 2008 to 2009 the estimated number of vacancies in the UK fell sharply, but this has increased steadily since 2012. For December 2018 to February 2019 there were an estimated 854,000 vacancies in the UK which is 39,000 more vacancies than a year earlier.

Companies are finding it harder to hire the right workers across a whole spectrum of industries. With some roles, it's not skill shortages, not a failure to up skill workers but simply a shortage of bodies available.

Businesses across the UK have, for the last few years been squeezed more and more in terms of skills shortages. They struggle to find the talent they need in order to fulfil demand. Businesses across the UK are becoming more adept at using new technology; Artificial Intelligence (AI), Augmented Reality (AR), Industry 4.0, Internet of Things (IoT) amongst other such time or labour saving assets.

These advances go a long way to helping with the struggles of supply v demand. However, those businesses that look towards the benefits of hiring or supporting the development of an older workforce, will absolutely be the ones that can add; Advantage of Age (AoA) to their business assets and continue to thrive and learn in an ever evolving environment.....!

