

<b>Section A</b>		
<b>Institution:</b> The University of Manchester		
<b>Unit of Assessment:</b> 16 (Economics)		
<b>Title of case study:</b> Fuller working lives and the economics of ageing		
<b>Period when the underpinning research was undertaken:</b> 2010 - 2020		
<b>Details of staff conducting the underpinning research from the submitting unit:</b>		
<b>Name:</b>	<b>Role(s) (e.g. job title):</b>	<b>Period(s) employed by submitting HEI:</b>
Prof James Banks	Professor of Economics	September 2010 – present
<b>Period when the claimed impact occurred:</b> August 2013 – December 2020		
<b>Is this case study continued from a case study submitted in 2014?</b> No		
<b>Section B</b>		
<b>1. Summary of the impact</b>		
<p>Population ageing has created many pressing policy challenges, not least relating to levels of retirement saving provision and the ability and willingness of individuals to engage in paid work at older ages. A large body of work by Professor Banks and his collaborators has directly influenced the methods used and the actions taken by UK policymakers in this area in two ways. The design and collection of new data on this topic that is subsequently made publicly available has had indirect impact by making it possible for others, including policymakers themselves, to carry out impactful analysis and research. In particular, it has influenced the Department for Work and Pensions own analysis of work and retirement issues, including their methodologies for measuring and estimating retirement wealth, and the work of the government's What Works Centre for Ageing Better. In addition, research on the determinants of trends in work at older age has had direct impact, for example on the government's adoption of the Fuller Working Lives policy agenda, replacing the previous focus on longer working lives.</p>		
<b>2. Underpinning research</b>		
<p>Understanding employment outcomes for older workers, and the implications of these outcomes on the adequacy and distribution of retirement wealth, is fundamental in informing how the economy deals with an ageing population. This requires research that brings together detailed information on: (i) the way in which both state and private pensions affect incentives and disincentives to work at older ages, (ii) the role of health and physical functioning in facilitating an individual's ability to work, (iii) the nature of the labour market attachment of older workers and their preferences for work, and (iv) the level and distribution of the other types of retirement wealth available. During his tenure at the University of Manchester Professor James Banks has led a programme of research at the Institute for Fiscal Studies (IFS) that has designed, collected and analysed detailed data on employment, retirement wealth, health and family circumstances of the older population in England. This body of work has had an impact by making evidence available to other stakeholders, enabling them to engage in informed debate with policy makers.</p> <p>Professor Banks is a founder and co-Principal Investigator of the English Longitudinal Study of Ageing (ELSA) – an ongoing public-use panel dataset that continually develops and implements measurement of work status, wealth, health and wellbeing of the older population in England. ELSA has designed and collected longitudinal data on 19,807 unique individuals aged over 50 (12,758 since 2014), documenting the linked individual life-cycle trajectories of employment, pensions, health and disability and family circumstances. Professor Banks has led the ELSA economics team in designing the</p>		

economic measures and documenting the evolving findings of the ELSA study. As a key constituent part of this work, they created and documented estimates of accrued pension wealth, total retirement savings and lifetime labour market participation for ELSA respondents and made these available to the research community along with the raw ELSA public release files [1].

Accompanying the ELSA data collection, Professor Banks's research on older workers, which utilises both new data and new analytical methods, has analysed trends over the past two decades in paid work amongst people aged over 50 in England and the factors driving those trends. Three key findings and contributions of this work are:

- Steady increases in the employment of 50-74 year olds since the mid-1990s have been accompanied by systematic trends and changes in the occupations and job-types for those older workers who remain in employment [2]. Additionally, the expansion of work at older ages has varied for different types of workers and there is considerably more job mobility, part time work and self-employment than previously thought [3]. The traditional model of individuals having only one (career) job after age 50 and moving directly from it into retirement is becoming less and less relevant for successive birth cohorts, and more so in England than in other European countries [4].
- Novel methods for measuring the capacity to work, given levels of health and physical capability, were developed and implemented. They show that historical increases in employment rates have not been substantial enough to keep up with improvements to health and functioning. Hence there has been an increasing 'capacity to work' in the over 50 population [5].
- The positive employment trends were shown at least in part to be driven by the erosion of disincentives to work in relation to state and private pension provision [4,6]

This research has been conducted as part of a programme of work led by Professor Banks at the IFS. Key collaborators have been Rowena Crawford, Carl Emmerson, Zoe Oldfield and Gemma Tetlow, who have all been involved in the research and dissemination activities. All data collection and research identified above has been financed through research grants from the ESRC, the US National Institute of Ageing, and a consortium of UK government departments including Department for Work and Pensions (DWP) and the Department of Health and Social Care (DHSC).

### 3. References to the research

- [1] **Banks, J.**, Batty, GD., Coughlin, K., Dangerfield, P., Marmot, M., Nazroo, J., Oldfield, Z., Steel, N., Steptoe, Wood, M., Zaninotto, P. (2019). English Longitudinal Study of Ageing: Waves 0-9, 1998-2019. [data collection]. 33rd Edition. UK Data Service. SN: 5050, <http://doi.org/10.5255/UKDA-SN-5050-20>
- [2] **Banks J.**, C.Emmerson and G.Tetlow, 2019, 'Long run trends in the economic activity of older people in the UK', in C.Coile, K.Milligan and D.Wise (eds), Social Security Programs and Retirement around the World: Working Longer, NBER: University of Chicago Press
- [3] **Banks J.** 2016, 'Employment and labour market transitions at older ages in England', in J.Banks, D.Batty, J.Nazroo and A.Steptoe (eds), The Dynamics of Ageing: Evidence from the English Longitudinal Study of Ageing 2002-15, London: IFS
- [4] **Banks J.**, A.Brugiavini and G.Pasini, 2020, "The powerful combination of cross-country comparisons and life-history data", Journal of the Economics of Ageing, Vol 16 (2020) 100206, <https://doi.org/10.1016/j.jeoa.2019.100206>

- [5] **Banks J.**, C.Emmerson and G.Tetlow, 2017, 'Health Capacity to Work at Older Ages: Evidence from the United Kingdom' in D.Wise (ed.), Social Security Programs and Retirement Around the World: The Capacity to Work at Older Ages, NBER: University of Chicago Press
- [6] **Banks J.** and C.Emmerson, 2019, 'A lifetime of changes: State pensions and the work incentives at older ages in the UK, 1948-2018', in C.Coile and A.Börsch-Supan (eds) Social Security Programs and Retirement around the World: Reforms and Retirement Incentives, NBER: University of Chicago Press

#### 4. Details of the impact

The research underlying this case has had impact in multiple ways. The data collection and release [1], which is research in itself, has had direct impact on the methods and evidence that DWP use in their analysis of both outcomes and inequalities in outcomes at older ages. Additionally, making ELSA data and evidence available to other stakeholders has enabled them to inform debate through secondary research and engagement with policy makers. Finally, Professor Banks's own research [2]-[6] has directly informed policy makers with regard to the drivers of labour market participation of older workers, the links between health and work and the additional capacity to work in the older population, the need to prioritise policies for fuller working lives, and the role of non-pension incentive barriers to work such as age friendly employer policies, encouraging job flexibility and training.

Testimonial from DWP and the What Works Centre for Ageing Better (CfAB) provide direct summary evidence of this impact. The Chief Economist and Deputy Director, DWP, writes: *"It is important that the Government's approach to encouraging and facilitating work at older ages and the provision of retirement resources through pension saving is informed by the most credible and robust evidence. The English Longitudinal Survey of Ageing, and the research on that dataset from Professor Banks and his team, is an absolutely vital component of this evidence base... The high importance and value we place on ELSA data and the subsequent research that can be based on it (whether by the ELSA team or the research community more widely) is also evidenced by the fact that the DWP has been one of the two core government departments that has contributed to the funding of the core ELSA project since its inception. Over the period since 2001, multiple business cases have been made, the most recent of which was in 2019, in order to establish the value of these outputs to the DWP on an ongoing basis".* [F]

**[Text removed for publication]** of the CfAB says: *"As a charity and What Works Centre, we bring about changes in policy and practice to improve later life using evidence. The Centre for Ageing Better is funded from an endowment from the National Lottery Community Fund and works to create a society where everyone enjoys a good later life. We work in partnership with a diverse range of organisations throughout England... Over the past 5 years since our establishment we have drawn extensively on ELSA and the research using the data set from Professor Banks and his team. It has informed our understanding of later life and in particular the importance of supporting people to remain in high quality work for longer to financial security.... The data in ELSA and analysis of it is critical to the evidence base that informs our work and that we use as the basis for influencing policy and practice in England. We would not be able to have the impact we do without it".* **[Text removed for publication]** goes on to provide an Annex of 11 major pieces of CfAB evidence that have used ELSA data and highlights two in particular, saying: *"We made extensive use of ELSA in our State of Ageing 2019 and again in the 2020 version to track the extent to which we are ageing well as a country. Finally we included a number of measures associated with ELSA in our*

*Ageing Better Measures Framework – a tool to support others to track and measure the outcomes associated with a good later life.” [G]*

To support and promote the use of the highly complex ELSA data by non-academics and non-specialists particularly within government, Banks has led the economics division of the ELSA team in creating datasets of easy to use and well-documented derived variables including estimates and imputations of retirement wealth, work histories and pension arrangements, and has promoted the appropriate use of these variables through regular user training workshops, often attended by DWP and DH analysts. The direct value of this data-related research, as well as its additional impact on the design of other government datasets is explicitly recognised by the DWP in its testimonial letter:

*“In addition to specific pieces of research, the activities of Professor Banks and his team of economists working on designing and developing the ELSA data are also of direct benefit to the DWP in our policymaking activities and analytical capacity. The research they carry out on how best to measure the financial circumstances and pensions savings of older adults, given the changing policy and macroeconomic environment, has helped us in designing and improving our other surveys, such as the Family Resources Survey and the ONS’ Wealth and Assets Survey. In addition, their estimates of accrued pension wealth in Defined Benefit and Defined Contribution pensions, annuity incomes, and of other types of retirement savings, created as supplemental datasets and then made available to the research community, are regularly used by DWP analysts and have greatly enhanced our understanding of issues surrounding the level and distribution of retirement wealth.” [F]*

Banks’s own research [2-6] has documented the capacity to work at older ages and the appropriate balance of policies relating to employment at older ages. This work helped lead to a change in government policy from Longer Working Lives to Fuller Working Lives [A, B], and towards recognising the potential value of work capacity in the Ageing Population and the necessity to address non-pension incentive related barriers to work [C]. The work was extensively discussed and promoted with policymakers. Banks and Emmerson presented and discussed preliminary research findings and additional research questions in a face to face seminar with 40+ DWP analysts and policymakers in the DWP Employment Support Allowance Directorate (July 2015). Emmerson met personally with John Cridland and his DWP/HMT SPA Review team to discuss the emerging ELSA evidence and findings (July 2016) and Banks had multiple one to one meetings over the period 2015-2017 with the DWP officials in the Fuller Working Lives team. The research findings were summarised in a policy blog [D] (which was cited in the DWP Fuller Working Lives Strategy [A]) and presented in a public lecture in Westminster (December 2015) attended by 200+ senior policy makers and analysts, including many from DWP. The lecture itself was cited in the DWP Fuller Working Lives Evidence Review. [B]

The research was identified as key evidence in informing the direction of policy towards older workers in testimonial evidence from the DWP, who write that *“[This work] was presented and discussed extensively with our Fuller Working Lives team as they were working on the policies and priorities in our 2017 paper ‘Fuller Working Lives: A Partnership Approach’ and was key to informing their thinking. The elements of this research relating to health and the capacity to work in the older population also formed a key component of the evidence base underlying the Independent Review of the State Pension Age (SPA) led by John Cridland CBE, which recommended linking the SPA to longevity”.* [F]

The CfAB also note the impact of this work on their actions. They write that [5] and [D] *“highlighted the impact of poor health on early exit from the labour market. At the time we were seeking to influence DWP and the Cridland Review of the State Pension Age. The evidence was critical to making the case for why mitigating the effect of any increase in state pension age by taking actions to reduce the likelihood of premature exit from the labour market by addressing factors such as poor health and caring among older workers would be essential. This evidence was part of the case we made to support choosing fulfilling work as a strategic priority and setting an ambitious goal as part of our partnership with leading employers as part of the BITC Age at Work Leadership Group to increase the number of people aged 50-SPA in work.”* [G]

Professor Banks’s specific expertise and contributions to both the data-related methodological research activities and the economic research on older workers also generates ongoing impact at national and international levels. With regard to impact on data collection activities and practice around the world, Professor Banks is Chair of the Scientific Advisory Committee for the UK Understanding Society study, served as International Expert on the National Institute of Aging Behavioural and Social Research Data Infrastructure Review Committee (2014-2016) and is the only economist on the ESRC Expert Advisory Group for Data Infrastructure Skills and Methods (2018-present). He is a member of Advisory Boards of national ageing studies equivalent to ELSA in China, Japan, India, Brazil, the Republic of Ireland and a large regional study in South Africa. With regard to ongoing impacts on policies for older workers and the ageing population, he was appointed by the Government Office for Science to their Foresight Review of Challenges and Opportunities of an Ageing Society [E]. Professor Sir Mark Walport, then Chief Scientific Advisor to HM Government and head of the Government Office for Science, writes: *“I am writing to thank you for the outstanding contribution you have made to the Foresight Future of an Ageing Population report .... The catalytic impact that the project has had with Ministers and senior officials across Whitehall, is a reflection of substantial time, effort and input from members of the Lead Expert Group ... I am confident the report will lead to fresh thinking on how the UK could adapt to our ageing population.”* [E]

##### 5. Sources to corroborate the impact

- [A] DWP, 2017, Fuller Working Lives: A partnership approach
- [B] DWP, 2017, Fuller Working Lives: Evidence Base, DWP research report no.48
- [C] HMSO, 2018 Independent Review of the State Pension Age (Cridland Review)
- [D] Health and the capacity to work policy brief, 06.02.2020  
<https://voxeu.org/article/older-people-s-capacity-work-new-uk-evidence>
- [E] Letter from Chief Scientific Advisor to HM Government, 2016, and Government Office for Science Foresight report on the ‘Future of an Ageing Population’,  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/816458/future-of-an-ageing-population.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/816458/future-of-an-ageing-population.pdf)
- [F] Testimonial Letter from Deputy Director, Pensions & Later Life Analysis Policy Group and DWP Chief Economist (2017-2020), 7.12.2020
- [G] Testimonial Letter from **[Text removed for publication]**, Centre for Ageing Better, 5.01.2021