Older workers in the UK: variations in economic activity status by socio-demographic characteristics, household and caring commitments

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Introduction

The UK population is growing in size and becoming increasingly older. As the larger cohorts born in the 1960s baby boom reach SPA (State Pension Age) over the next 15 to 20 years and are replaced by smaller cohorts born afterwards, the population will continue to age. This shift towards an older population will continue to affect the size and composition of the labour force, as the number of people in the age group 16 to 49 is projected to decrease and the number of people aged between 50 and SPA is projected to increase.

In 2007 for the first time ever the percentage of the population aged under 16 dropped below the percentage of people of SPA.¹ While awareness of population ageing is not new, more recently, there is increasing interest in whether people are extending their working lives in response to increased years in good health and fears of pension inadequacy. The latest National Statistician's article published in winter 2008 focused in detail on demographic and other characteristics of the older population in the UK.²

A summary of the population 1982–2032 is shown in **Table 1**. In the UK in 2007 there were 28.7 million people aged 16 to 49 (47 per cent of the total population) and about 11 million people aged 50 to 64 (18 per cent of the total population). The 2006-based national population projections³ indicate that by 2032 there will be an increase of about 1 million people in the 50 to 64 age group, an increase of about 1.5 million people aged between 65 and 69 and an increase of 1.3 million people in the age group 16 to 49 years. Over the next few decades, it is projected that the old age support ratio (number of people of working age to the number of people of SPA and over) will fall from 3.2 in 2008 to 2.9 in 2032.⁴

The most significant demographic trend affecting the size and composition of the labour force over the next 25 years will be the decrease in the number of people in the age group 16 to 49 and an increase in the number of people aged between 50 and 64. Increasing the participation of adults of older ages in the paid labour market is a central policy issue. There has been an increase in employment rates of women and men aged 50 to State Pension Age (SPA) in the UK since the early 1990s. However, there are differences in the economic activity status of adults of older ages across UK countries and by demographic and socio-economic characteristics, household circumstances and caring commitments.

Table 1

Estimated and projected population and percentage of population by age group. UK, 1982–2032

Age band	1982		2007		2032	
	population (millions)	%	population (millions)	%	population (millions)	%
0–15	12.3	22	11.5	19	12.8	18
16–49	26.1	46	28.7	47	30.6	43
50–59	6.3	11	7.5	12	7.9	11
60–64	3.0	5	3.5	6	4.2	6
65–69	2.7	5	2.7	4	4.2	6
70 and over	5.8	10	7.1	12	11.9	17
All	56.3	100	61.0	100	71.4	100

Source: ONS, GROS, NISRA Mid-year population estimates 1982, 2007; ONS National Population Projections 2032, 2006–based

Increasing the participation of older adults in the paid labour market is a central policy issue. It is one of the performance indicators set out in the UK Government's Public Service Agreement (PSA 17) to tackle poverty and promote greater independence and wellbeing in later life.⁵

The drivers of employment at older ages are complex. A number of factors can affect the older work force: accumulated wealth, health conditions, family circumstances, caring commitments, state and private pension arrangements, as well as opportunities and incentives to remain at work. Information on the factors that influence decisions of whether or not to work in the periods before and after reaching SPA and how people make their transitions in work towards retirement after the age of 50, are of importance for future policies on employment, unemployment and inactivity at older ages.

This article presents an overview of the trends in the economic activity status at older ages (50 to 69) in the UK in the last 12 years. Using data from the Office for National Statistics Labour Force Survey (LFS)⁶ and Annual Population Survey (APS)⁷ and from the English Longitudinal Study of Ageing (ELSA),⁸ analysis is presented on the economic activity status at older ages by demographic and socio-economic characteristics, household circumstances and caring commitments.

Economic activity status at older ages

Economic activity status in the UK

Extending working lives, encouraging people to delay retirement and increase employment rates among people in older ages are important government policies.⁹ There has been an increase in the employment rate of women and men aged 50 to SPA from 1992 to 2008.¹⁰

Figures 1 and 2 show the percentage of women and men aged 50 to SPA by economic status in the UK for the period between 1996 and 2008. Annex A presents information on data sources and definitions used. An increase in employment rate among women aged 50 to SPA was seen together with a decrease in the percentage of women of this age group who were economically inactive to look after family, from 12 per cent in 1996 to 8 per cent in 2008. A small decrease in the percentage of women economically inactive due to sickness or disability was also seen in the period. Among men aged 50 to SPA the increase in employment rate was seen together with a decrease in the percentage of men of this age group who were economically inactive due to sickness or disability from 17 per cent to 12 per cent.

Despite the overall increase in employment rates of women and men aged 50 to SPA the economic activity status at older ages varies between the UK countries and by demographic, socio-economic, household circumstances and caring commitments. The next sections present analysis of these differences.

Economic activity status at older ages in the UK countries

The percentage of women and men aged 50 to SPA in employment has increased over the last 12 years in all UK countries. However, in Wales and Northern Ireland, the percentages of people in this age group in employment were still smaller than in England and Scotland. The percentage of women aged 50 to SPA who were economically inactive looking after family has decreased over the last 12 years in all countries but still remained higher in Northern Ireland (14 per cent) than in the other UK countries (about 7 per cent) in 2008 (Figure 3). Over the same period, the percentage of men aged 50 to SPA who were economically inactive due to sickness or disability decreased in all UK countries. However, the percentage of men in this age group who were economically inactive due to sickness or disability in 2008 remained

Figure 1

Percentage of women aged 50 to SPA* by economic activity status. UK, 1996–2008

* Age 50 to SPA for women refers to age 50–59

Source: LFS, April–June quarter, 1996–2008, not seasonally adjusted

Figure 2

Percentage of men aged 50 to SPA* by economic activity status. UK, 1996–2008

* Age 50 to SPA for men refers to age 50–64

Source: LFS, April–June quarter, 1996–2008, not seasonally adjusted

Figure 3

Percentage of women aged 50 to SPA* by economic activity status and UK country. 1996, 2002 and 2008

* Age 50 to SPA for women refers to age 50–59

Source: LFS April–June quarter, 1996, 2002 and 2008, not seasonally adjusted

higher in Wales and Northern Ireland (about 20 per cent) than in England and Scotland (11 per cent and 15 per cent respectively) (Figure 4).

Economic activity status, demographic and socio-economic characteristics, household circumstances and caring commitments

Demographic and socio-economic characteristics

Socio-economic status

In the UK in 2008, 40 per cent of women aged 50 to SPA were classified as in managerial or professional occupations, about a quarter in intermediate occupations and about a third in routine and manual occupation. A slightly higher percentage of men aged 50 to SPA (43 per cent) than women in the same age group were in managerial

or professional occupations. The National Statistics Socio-economic classification (NS-SEC)¹¹ is explained in Box one.

Higher percentages of men aged 50 to SPA who were in intermediate occupations were employed, compared to men of the same age group in managerial or professional occupations and in manual and routine occupations. Women and men aged 50 to SPA who were in routine and manual occupations were more likely to be economically inactive compared with people in the other socio-economic occupations (Figure 5).

Highest qualification held

There has been an overall improvement in the qualification level held by women and men aged 50 to SPA in the UK over the last 12 years. This is a cohort effect. Younger cohorts were more likely to have acquired formal qualifications while at school. The greatest changes were the

Figure 4

Percentage of men aged 50 to SPA* by economic activity status and UK country. 1996, 2002 and 2008

* Age 50 to SPA for men refers to age 50–64

Source: LFS April–June quarter, 1996, 2002 and 2008, not seasonally adjusted

increase in the percentage of people holding a degree, degree-equivalent or higher education (a 10 per cent increase to 28 per cent) and a decrease in the percentage of people with no qualification (a 50 per cent decrease to 19 per cent).¹²

Box one

National Statistics Socio-economic classification (NS-SEC) is based on the Standard Occupational Classification 2000 (SOC2000) and details of employment status. The categories are:

- 1 Higher managerial and professional occupations
- 2 Lower managerial and professional occupations
- 3 Intermediate occupations
- 4 Small employers and own account workers
- 5 Lower supervisory and technical occupations
- 6 Semi-routine occupations
- 7 Routine occupations
- 8 Never worked and long-term unemployed
- 9 Students
- 10 Occupations not stated
- 11 Not classifiable for other reasons

Although NS-SEC is an occupation-based classification, there are procedures for classifying those not in work. Individuals who have retired within the last 12 months are classified according to their latest employment. Other retired individuals are assigned to the 'not classifiable for other reasons' category. The long-term unemployed are defined as those unemployed and seeking work for more than 12 months. Members of the armed forces are included within the NS-SEC classification.

For the analysis, NS-SEC categories were combined into three groups: managerial and professional occupations (categories 1 and 2), intermediate occupations (categories 3, 4 and 5), routine and manual occupations (categories 6 and 7). In this analysis, 17 per cent of women and 12 per cent of men in age group 50 to SPA had not been assigned to an NS-SEC category. These were proportionally distributed into the three groups used in the analysis.

Between 1996 and 2008 the percentage of women aged 50 to SPA who had a degree or A level, GCSE or other qualification and who were employed, increased, and the percentage economically inactive due to sickness or disability or looking after family, decreased. Over this period the percentage of women of the same age with no formal qualification in employment decreased slightly and the percentage economically inactive due to sickness or disability increased (**Figure 6**).

Over the same period the increase in the percentage of men with formal qualification in employment was not as large as those observed for women. Among men of this age with no formal qualification the percentages in employment and economically inactive remained the same (**Figure 7**).

Marital status

In the UK in 2007, 6 per cent of women aged 50 to 69 were single (never married), 68 per cent were married or in a civil partnership and living with their husband or partner, 18 per cent were married or in a civil partnership but separated (from their husband or partner), divorced or had a former civil partnership legally dissolved, and 9 per cent were widowed or had a deceased civil partner. The respective percentages for men of the same age group were 9 per cent, 72 per cent, 11 per cent and 8 per cent.

Men aged 50 to SPA who were married or in civil partnership, living with wife or partner were more likely to be employed and less likely to be economically inactive due to sickness or disability than men in any other marital or civil partnership status. Women and men aged 50 to SPA widowed or who had a deceased partner were less likely to be in employment than women or men of the same age in any other marital or civil partnership status (**Figure 8**). The mean age of men aged between 50 and SPA who were widowed (59 years) was higher than that of men of other marital status groups (56 for single and 57 for married or separated/divorced).

Women of SPA to age 69 who were married or in a civil partnership but separated from a husband or partner or who were divorced or had a former civil partnership legally dissolved were more likely to be employed and less likely to be retired than women with any other marital or civil partnership status. Men of SPA to age 69 who were married or in civil partnership but separated (from wife or partner) or were divorced or had a former civil partnership legally dissolved were more likely to be

Figure 5

Percentage of women and men aged 50 to SPA* by economic activity and socio-economic status. UK, 2008

* Age 50 to SPA for women refers to age 50-59; for men refers to age 50-64

Note: 17 per cent of women and 12 per cent of men in age group 50 to SPA had not been assigned to an NS-SEC category. These were proportionally distributed into the 3 groups used in the analysis

Source: APS July 2007- June 2008

Figure 6

Percentage of women aged 50 to SPA* by economic activity status and highest qualification held. UK, 1996 and 2008

* Age 50 to SPA for women refers to age 50-59

Note: Other qualifications include any other professional/vocational qualification and foreign qualifications. About 0.5% of the women in 1996 and in 2008 did not know their highest qualification held. They were not included in the analysis

Source: LFS April-June quarter, 1996 and 2008

economically inactive due to sickness or disability than men of the same age group in any other marital or civil partnership status (Figure 9).

Previous analysis found that people aged 50 and over living with a working partner were more likely to delay their retirement.¹³ The analysis shown here found that men of SPA to age 69 who were married or in civil partnership and living with wife or partner were more likely to be still in employment. However, this analysis has also shown that among women of SPA to age 69, the employment rate was higher for those who were

married or in civil partnership but separated (from husband or partner), divorced or had a former civil partnership dissolved, compared with women of the same age group in any other marital status.

Household circumstances

Household tenure

Wealth is the accumulated sum of past borrowing or saving and it provides information on an individual's past circumstances. It includes state and private pensions, financial (for example savings), physical (for

Figure 7

Percentage of men aged 50 to SPA* by economic activity status and highest qualification held. UK, 1996 and 2008

* Age 50 to SPA for men refers to age 50–64

Note: Other qualifications include any other professional/vocational qualification and foreign qualifications. About 0.5% of the men in 1996 and in 2008 did not know their highest qualification held. They were not included in the analysis

Source: LFS April–June quarter, 1996 and 2008

example land, business) and housing wealth. At older ages, accumulated wealth is an important factor that influences the decision of whether to delay or take an early retirement. For many people housing wealth represents the largest component of their wealth portfolio. In this analysis, household tenure is used as a proxy for housing wealth.

In the UK in 2007 men aged 50 to SPA were the household reference person (HRP) of about 4.3 million households (**Box two** provides an explanation for the term HRP). Women of the same age group were the HRP of about 1.5 million households. Slightly more than a third of women aged 50 to SPA who were the HRP owned their

Figure 8

Percentage of women and men aged 50 to SPA* by economic activity and marital or civil partnership status. UK, 2008

* Age 50 to SPA for women refers to age 50–59; for men refers to age 50–64

Notes: Married, living with husband/wife also includes those in civil partnership, living with partner

Married, separated from husband/wife or divorced also includes those in civil partnership but separated from partner and those who had a former civil partnership legally dissolved

Widowed also includes those who had a deceased civil partner

Sample size of women and men in categories of civil partnership was very small.

Source: APS July 2007–June 2008

Figure 9

Percentage of women and men of SPA to age 69* by economic activity and marital or civil partnership status. UK, 2008

* Age SPA to 69 for women refers to age 60-69; for men refers to age 65-69

Notes: Married, living with husband/wife also includes those in civil partnership, living with partner

Married, separated from husband/wife or divorced also includes those in civil partnership but separated from partner and those who had a former civil partnership legally dissolved

Widowed also includes those who had a deceased civil partner

Sample size of women and men in categories of civil partnership was very small.

Source: APS July 2007-June 2008

accommodation outright, about 40 per cent were buying with a mortgage or loan and about a quarter lived in a part-rent, part-mortgage or rented accommodation. For men of this age and who were the HRP these percentages were 40 per cent, 42 per cent and 18 per cent, respectively. In the same year in the UK, men of SPA to age 69 were the HRP of about 1.1 million households and women of the same age group were the HRP of about the same number of households. Of men aged SPA to age 69 who were the HRP, 70 per cent owned their accommodation outright and 58 per cent of women of the same age

group who were the HRP did so. It has to be considered that women aged 50 to 69 who were the HRP were more likely to be separated or divorced than men of the same age.

About 90 per cent of women and men aged 50 to SPA who were the HRP and were buying their house with a mortgage or loan were in employment. Higher percentages of women and men who were the HRP in this age group and who were living in a part-rented, part-mortgage or rented accommodation were economically inactive due to sickness or disability (**Figure 10**).

In the SPA to age 69 age group, 40 per cent of men and 53 per cent of women who were HRPs and were buying a house with a mortgage or loan were in employment (**Figure 11**).

Household with dependent children

In the UK in 2007, about 70 per cent of women and men aged 50 to SPA who were living in households with no dependent children were in employment. About 85 per cent of men aged 50 to SPA who were living in households with one or more dependent children were in employment (**Figure 12**). Men aged 50 to SPA who were living in households with one or more dependent children were on average three years younger (mean age 54 years) than men who were living in households with no dependent children.

Caring commitments

As the population ages, it is anticipated that the majority of long-term care will continue to be provided as unpaid informal care from a family member. Care by spouses will be increasingly important in the future given the declines in the old age support ratio, declines in parent-child co-residence, improvements in male life expectancy and the increasing participation of women in the labour force.

Box two

Household reference person (HRP)

From 2001-02, the concept of household reference person (HRP) was adopted on all government-sponsored surveys, in place of head of household.

The household reference person is a householder, who is the household member that:

- owns the accommodation, or,
- is legally responsible for the rent, or
- occupies the accommodation as reward for their employment, or
- occupies the accommodation through some relationship to its owner (who is not a member of the household).

If there are joint householders, the one with the highest income is the household reference person. If their income is the same, then the eldest one is the household reference person.¹⁴

Figure 10**Percentage of women and men aged 50 to SPA* who were the HRP by economic activity status and household tenure. UK, 2007**

* Age 50 to SPA for women refers to age 50-59; for men refers to age 50-64

Source: APS Jan-Dec 2007 - household data

Figure 11**Percentage of women and men of SPA to age 69* who were the HRP by economic activity status and household tenure. UK, 2007**

* Age SPA to 69 for women refers to age 60-69; for men refers to age 65-69

Source: APS Jan-Dec 2007 - household data

This section presents an analysis of caring commitments and economic activity status among women and men aged 50 to SPA and SPA and over in England in 2005/06. Annex B contains information about data sources and definitions used in the analysis. Data from ELSA have been used as they provide information on caring when it is not the primary economic activity status. A thorough comparison of economic activity status using the LFS and ELSA was carried out to ensure comparability between data sources. Annex C presents the LFS and ELSA estimates of employment, unemployment and economic inactivity rates, standard errors and 95 per cent confidence intervals for age groups 50 to SPA and SPA and over.

In England in 2007 there were about 3.1 million women and 4.5 million men aged 50 to SPA and 6.1 million women and 3.5 million men of SPA

and over. In 2005/06 about 17 per cent of women aged 50 to SPA and 10 per cent of women aged SPA and over had looked after someone in the previous week. The percentage of men who had cared for someone in the last week (8 per cent) was the same in both age groups (**Figure 13**).

About a quarter of women and men aged 50 to SPA who had looked after someone in the previous week had provided care for 35 hours or more. The percentage of women and men who had looked after someone for 35 hours or more in the previous week increased for those over SPA to about 40 per cent.

Caring commitments affect labour market participation at older ages. From April 2007 the Government introduced an extension of the right to request flexible working to those who provide care for adults. The right

Figure 12

Percentage of women and men aged 50 to SPA* by economic activity status and presence or absence of one or more dependent children in the household. UK, 2007

* Age 50 to SPA for women refers to age 50-59; for men refers to age 50-64
 Note: dependent children: children aged 0-16 and aged 16-18 in full time education living in the household
 Source: APS Jan-Dec 2007 – household data

Figure 13

Percentage of women and men who cared for someone in the last week by age. England, 2005/6

* Age 50 to SPA for women refers to age 50-59; for men refers to age 50-64; SPA and over: for women refers to age 60 and over; for men refers to age 65 and over
 Source: ELSA 2005/6, non-weighted data

already existed for those caring for children. People caring for adults are also eligible for the Carer's Allowance benefit.¹⁵

Figure 14 presents the percentage of women and men aged 50 to SPA by economic activity status and caring commitments by the number of hours spent looking after someone in the past week. About half of women and less than a third of men aged 50 to SPA who had provided care for someone for 35 hours or more in the previous week were economically active. About three quarters of women and men of this age who did not have caring commitments were economically active. Participation in

Figure 14

Percentage of women and men aged 50 to SPA* by economic activity status and caring commitments. England, 2005/6

* Age 50 to SPA for women refers to age 50-59; for men refers to age 50-64
 Source: ELSA 2005/6, non-weighted data

the labour force was slightly higher among women than men who had provided care for someone for less than 35 hours in the previous week.

Conclusions and looking to the future

The increase in employment rates of adults of older ages in the UK over the past 12 years coincides with the period of economic growth seen since the early 1990s. Despite the recent economic downturn, the employment rate of adults of older ages has remained stable up to the first quarter of 2009. However, the impact of the recession may vary between different sub-groups of older workers. Opportunities to work are likely to decrease but may also vary among sub-groups. Individuals may need to extend their working lives as pension funds returns and housing wealth fall. The overall effect on employment among adults of older ages is still uncertain.

Despite the overall increase in employment rates of adults of older ages in the UK in the last 12 years, differences between countries remain. The percentage of women aged 50 to SPA who were economically inactive to look after family is still higher in Northern Ireland. Economic inactivity due to sickness or disability remains higher among men in Wales and Northern Ireland.

The drivers of employment at older ages are complex and people's decisions to extend their working lives are affected by factors such as health, pension and accumulated wealth and, although less often investigated, by earlier life events such as age of entry into the labour market, working-life history and family formation.^{16,17,18,19} The analysis of demographic and socio-economic characteristics, household circumstances and caring commitments confirms previous evidence that these factors are important for the economic activity status of older workers.

Research and statistics play a central role in providing information for policy makers in explaining the drivers of extending working life. At a recent seminar held by ONS²⁰, delegates identified older workers and retirement as an area of interest and were keen to see ONS research on 'motivations to stay in work' including exploring non-monetary benefits to working at older ages and examining barriers to employment at older ages. ONS is developing work to further investigate the drivers of change in economic activity status of adults of older ages using longitudinal data

from ELSA and the ONS Longitudinal Study. Factors such as health, family circumstances, caring and voluntary commitments, pension entitlement and expectation towards retirement are worthy of investigation. This will be reported in a later edition of *Population Trends*.

Key findings

- there was an increase in employment rates of adults of older ages in the UK in the last 12 years; despite this overall increase, differences between countries remain
- the economic activity status of adults of older ages varies by socio-economic status, highest qualification held, marital status, household circumstances and caring commitments
- people aged 50 to SPA who were in managerial, professional or intermediate occupations and who had a degree or equivalent or higher education were more likely to be in employment
- married men aged 50 to SPA and SPA to age 69 living with a wife were more likely to be employed and less likely to be economically inactive due to sickness or disability; women of SPA to age 69 who were separated or divorced were more likely to be in employment
- higher employment rates were seen among those aged 50 to SPA and SPA to age 69 who were the HRP and were buying their house with a mortgage or loan
- higher employment rates were seen among men aged 50 to SPA who were living in households with one or more dependent children
- caring commitments affect labour market participation at older ages. Those who had provided care for someone for 35 hours or more in the previous week were less likely to be economically active than people who cared for less hours or who did not have caring commitments

Annex A

Data sources and definitions used

Data sources:

Labour Force Survey: The Labour Force Survey (LFS) is a survey of households living at private addresses (and in NHS accommodation) in the UK. Its purpose is to provide information on the UK labour market that can then be used to develop, manage, evaluate and report on labour market policies. The sample design currently consists of about 50,000 responding households in Great Britain every quarter, representing about 0.1 per cent of the GB population. A sample of approximately 2,000 responding households in Northern Ireland is added to this, representing 0.1 per cent of the NI population, allowing UK analyses to be made. More information about the LFS is available at: www.statistics.gov.uk/downloads/theme_labour/LFSUG_vol1_2007.pdf

Annual Population Survey (APS) combines results from the LFS and the English, Welsh and Scottish Labour Force Survey boosts (during 2004 and 2005 the APS also comprised of an additional boost for England). APS datasets are produced quarterly with each dataset containing 12 months of data. There are approximately 170,000 households and 360,000 persons per dataset. More information on the APS is available at: www.statistics.gov.uk/StatBase/Product.asp?vlnk=10855

Definitions:

Economic activity

Economic activity is defined as the sum of people who are in employment and unemployment, using the International Labour

Organization (ILO) definition. The opposite of economic activity is economic inactivity, which refers to those people who are not in employment and are either not looking for work or are not available to start. The sum of the economically active and the economically inactive makes up the entire population. Rates of employment, unemployment, economic activity and inactivity can be presented for any population group and are the percentage of that group who have that particular labour market status. The rates used in the analysis shown in this article are based on population aged 50 to SPA (currently 60 for women and 65 for men) and population of SPA to age 69.

Employment

The LFS definition of employment is consistent with the International Labour Organisation (ILO) definition, that is, anyone (aged 16 and over) who does at least one hour's paid work in the week prior to their LFS interview, or has a job that they are temporarily away from (for example on holiday). Also included are people who do unpaid work in a family business and people on government-supported employment training schemes. The employment rate is the number of people in employment as a percentage of the relevant population. For more information see: www.statistics.gov.uk/statbase/Product.asp?vlnk=2055

Unemployment

The definition of unemployment used by the LFS is in accordance with that adopted by the 13th International Conference of Labour Statisticians (ICLS), further clarified at the 14th ICLS, and promulgated by the ILO in its publications. Unemployment refers to people without a job who were available to start work in the two weeks following their LFS interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained. Unemployment rate is calculated as the number of economically active people who are unemployed as a percentage of the economically active relevant population (employed plus unemployed). More information is available at: www.statistics.gov.uk/statbase/Product.asp?vlnk=2054

Economic inactivity

The LFS definition of inactivity refers to people who are neither in employment nor unemployed. This includes those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but are not available to start work, and those who do not want a job. In the LFS, economic inactivity rate is given by the number of economically inactive people as a percentage of the relevant population.

The LFS collects information on a number of reasons of economic inactivity. For the analysis shown in this article, four economic inactivity reasons were considered: retired, sickness/disability, looking after family and all other reasons.

The LFS categorises all economically inactive people over 69 years of age as retired.

Annex B

English Longitudinal Study of Ageing (ELSA) started in 2002 as a study of people aged 50 and over and their partners, living in private households in England. Every two years the same group of people are interviewed to measure changes in their health, economic and social circumstances. ELSA uses the Health Survey for England (HSE) as the sampling frame. Sample sizes of core members (individuals aged 50 and over who lived in the household since the time of the HSE interview in 1998, 1999 and 2001) were 11,392 in 2002 and 8,780 in 2004. In 2006, the study included a refreshment sample of people aged between 50 and 53 who were living within households that took part in the HSE

2001–2004; the sample size of core members plus the refreshment sample in 2006 was 8,811 individuals. More information about ELSA is available at: www.ifs.org.uk/elsa/

Definitions:

Carers

In ELSA, carers are self-defined; that is, respondents describe themselves as ‘looking after someone’ in the past week. This includes looking after a spouse or partner, parents, parents in law, children, grandchildren, friends or neighbours. Respondents are routed to this question only if they answered in a previous question that they had cared for someone in the previous month. For the analysis people with no caring commitments refer to those who had not cared for someone in the last month.

Economic activity

Employment

A set of questions in ELSA was used to derive a variable using the best approximation of the LFS definition of employment. The variable was derived to estimate the number of people who were in full or part time ‘employment’ or ‘self-employment’. It used information from several questions asked in the ELSA work and pensions module. These questions are:

- (1) the multiple response question which asks interviewees to identify activities carried out during the last month (paid work; self-employed; voluntary work; care for a sick/disabled adult; look after home/family; attended a formal education/training course; other – specify)
- (2) the ELSA derived variable, which prioritises the work variables in the multiple response question (above) to create a single code
- (3) the ELSA derived variable, which categorises those who are at work as ‘employed’ or ‘self-employed’
- (4) the questions that ask the number of hours usually worked per week – the question asked to employees, and the question asked to self-employed people

Unemployment

Unemployment rate was calculated using answers to the question in the work and pensions module, which asks interviewees to choose a category that best describes their current situation. The number of unemployed people was given by those who reported themselves as unemployed. The work and pensions module also contains a question that asks respondents about reasons for not being in paid work during the last month. There are four categories to this question:

- (1) temporarily away from paid work
- (2) looking for paid work in the last month
- (3) waiting to take up paid work already accepted
- (4) none of these

No information is collected if respondents were available to start work in the two weeks following their interview. A few respondents who reported themselves as ‘unemployed’ answered (4) ‘none of these’, when asked about the reasons for not being in paid work. These respondents, as well as those who responded with (2) ‘looking for paid work in the last month’ or (3) ‘waiting to take up paid work already accepted’, were included in the estimates of unemployment rates. The unemployment rate was calculated as the number of people who reported themselves as unemployed, as a percentage of the economically active relevant population (that is, people who are employed and those who reported themselves as unemployed).

Economic inactivity

Economic inactivity rate was calculated using answers to the question in the work and pensions module, which asks interviewees to choose a category that best describes their current situation. The number of economically inactive people was calculated as the sum of those who self-reported themselves as retired, permanently sick/disabled, looking after home/family or semi-retired. People who reported themselves in these categories, but had also been categorised as ‘employed’ or ‘self-employed’ by the derived variable for employment, were considered as employed and excluded from the calculation of economic inactivity rates. The work and pensions module also contains a question that asks people about reasons for not being in paid work during the last month. No information is collected if respondents:

- (1) want a job but have not been seeking work in the last four weeks
- (2) want a job and are seeking work but are not available to start work
- (3) do not want a job

A few respondents who self-reported themselves in one of the ‘inactivity’ categories also answered that they were looking for paid work. As the numbers were very small they were not excluded from the estimates of economic inactivity. The economic inactivity rate was calculated as the number of people who reported themselves as retired, permanently sick/disabled, looking after home/family or semi-retired as a percentage of the relevant population.

Information on comparisons of LFS and ELSA estimates of employment, unemployment and economic inactivity rates at older ages is included in Annex C.

Annex C

Comparison of the LFS and ELSA estimates of employment, unemployment and economic inactivity rates at older ages

Table 1a

Employment, unemployment and economic inactivity rates*, sampling errors and 95% confidence intervals for women aged 50–59 in England. LFS and ELSA, 2002, 2004 and 2006

Women 50–59		LFS					ELSA				
		n (non-weighted)	%	Std error	95% CI		n (non-weighted)	%	Std error	95% CI	
					lower	upper				lower	upper
2002											
	Employment	4,940	67	0.6	65	68	1,495	68	1.2	65	70
	Unemployment	125	3	0.2	2	3	20	1	0.3	1	2
	Inactivity	2,319	32	0.6	30	33	693	31	1.2	29	34
2004											
	Employment	4,580	68	0.7	67	69	938	68	1.5	65	71
	Unemployment	90	2	0.2	2	2	18	2	0.5	1	3
	Inactivity	2,076	31	0.7	29	32	422	31	1.5	28	33
2006											
	Employment	4,636	69	0.7	68	71	1,188	72	1.3	69	74
	Unemployment	123	3	0.2	2	3	21	2	0.4	1	3
	Inactivity	1,898	29	0.6	27	30	445	27	1.3	24	29

* The sum of employment, unemployment and inactivity rates does not add up to 100 per cent. This is because the denominator used to calculate unemployment rates includes economically active individuals only

Notes: LFS rates are calculated using weighed data; ELSA rates are calculated using non-weighted data

Sources: LFS April–June quarter, 2002, 2004 and 2006; ELSA Mar 02–Mar 03, Jun 04–Jul 05, May 06–Aug 07

Table 1b

Employment, unemployment and economic inactivity rates*, sampling errors and 95% confidence intervals for women aged 60 and over in England. LFS and ELSA, 2002, 2004 and 2006

Women 60 and over		LFS					ELSA				
		n (non-weighted)	%	Std error	95% CI		n (non-weighted)	%	Std error	95% CI	
					lower	upper				lower	upper
2002											
	Employment	1,189	9	0.3	9	10	415	11	0.6	9	12
	Unemployment	22	2	0.1	2	2	-	-	-	-	-
	Inactivity	11,361	91	0.3	90	91	3,504	89	0.6	88	91
2004											
	Employment	1,235	10	0.3	10	11	386	11	0.6	10	13
	Unemployment	13	1	0.1	1	1	2	1	0.4	0	1
	Inactivity	10,815	90	0.3	89	90	3,031	89	0.6	87	90
2006											
	Employment	1,372	12	0.3	11	12	393	12	0.7	11	14
	Unemployment	29	2	0.2	2	2	2	1	0.4	0	1
	Inactivity	10,543	88	0.3	88	89	2,806	88	0.7	86	89

* The sum of employment, unemployment and inactivity rates does not add up to 100 per cent. This is because the denominator used to calculate unemployment rates includes economically active individuals only

Notes: LFS rates are calculated using weighed data; ELSA rates are calculated using non-weighted data

Sources: LFS April–June quarter, 2002, 2004 and 2006; ELSA Mar 02–Mar 03, Jun 04–Jul 05, May 06–Aug 07

Table 2a

Employment, unemployment and economic inactivity rates*, sampling errors and 95% confidence intervals for men aged 50–64 in England. LFS and ELSA, 2002, 2004 and 2006

Men 50–64		LFS					ELSA				
		n (non-weighted)	%	Std error	95% CI		n (non-weighted)	%	Std error	95% CI	
					lower	upper				lower	upper
2002	Employment	6,792	71	0.5	70	72	1,838	69	1.0	67	71
	Unemployment	274	4	0.2	3	4	73	4	0.5	3	5
	Inactivity	2,441	26	0.5	25	27	743	28	1.0	26	30
2004	Employment	6,563	73	0.5	71	74	1,259	68	1.3	66	71
	Unemployment	242	4	0.2	3	4	37	3	0.5	2	4
	Inactivity	2,251	25	0.5	24	26	551	30	1.2	27	32
2006	Employment	6,593	73	0.5	72	75	1,481	73	1.2	71	75
	Unemployment	220	3	0.2	3	4	35	2	0.5	1	3
	Inactivity	2,145	24	0.5	23	25	513	25	1.1	23	27

* The sum of employment, unemployment and inactivity rates does not add up to 100 per cent. This is because the denominator used to calculate unemployment rates includes economically active individuals only

Notes: LFS rates are calculated using weighed data; ELSA rates are calculated using non-weighted data

Sources: LFS April–June quarter, 2002, 2004 and 2006; ELSA Mar 02–Mar 03, Jun 04–Jul 05, May 06–Aug 07

Table 2b

Employment, unemployment and economic inactivity rates*, sampling errors and 95% confidence intervals for men aged 65 and over in England. LFS and ELSA, 2002, 2004 and 2006

Men 65 and over		LFS					ELSA				
		n (non-weighted)	%	Std error	95% CI		n (non-weighted)	%	Std error	95% CI	
					lower	upper				lower	upper
2002	Employment	614	8	0.4	7	8	223	9	0.7	8	10
	Unemployment	19	3	0.2	3	4	1	0	0.5	-1	1
	Inactivity	7,313	92	0.4	91	93	2,222	91	0.7	89	92
2004	Employment	671	9	0.4	8	9	193	9	0.7	8	11
	Unemployment	16	2	0.2	2	3	-	-	-	-	-
	Inactivity	7,024	91	0.4	90	92	1,887	91	0.7	89	92
2006	Employment	735	10	0.4	9	10	178	9	0.8	8	11
	Unemployment	21	3	0.2	2	3	-	-	-	-	-
	Inactivity	6,842	90	0.4	89	91	1,737	91	0.8	89	92

* The sum of employment, unemployment and inactivity rates does not add up to 100 per cent. This is because the denominator used to calculate unemployment rates includes economically active individuals only

Notes: LFS rates are calculated using weighed data; ELSA rates are calculated using non-weighted data

Sources: LFS April–June quarter, 2002, 2004 and 2006; ELSA Mar 02–Mar 03, Jun 04–Jul 05, May 06–Aug 07

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