# ASPIRE Executive Summary of National Report

ASPIRE (Active Ageing through Social Partnership and Industrial Relations Expertise (ASPIRE) is a project being completed by the Centre for Research into the Older Workforce (CROW), ADAPT, University of Granada and University of Lodz funded by the European Commission Directorate of Employment, Social Affairs and Inclusion.

## Research Questions

1. How do different industrial relations (IR) structures facilitate and/or inhibit the dissemination and implementation of collective agreements on active ageing?
2. How are age and employment perceived in workplace contexts within different IR systems?
3. How do employers and trade unions respond to EU and national social activation policies in creating sustainable work opportunities for older workers?
4. How are the interests of older and younger workers negotiated and reconciled through workplace level mechanisms?
5. How are good practice and innovations in the dissemination of active ageing approaches shared between and within different national contexts and in Europe?

## Legislation

All four reports noted that age regulations have had a marginal impact on age management practices within organisations. The four All of the member states have transposed the Employment Equality (Age) Directive 2001 but in largely different ways and with different emphases. Two of the countries (UK and Spain) have abolished mandatory retirement for most workers. In Italy, workers can delay the date at which they start to draw their pension in which case their contracts cannot be terminated. In Poland, the employment contract is terminated upon the employee reaching pension age but can be extended with agreement with the employer. Employers in all four countries are permitted to use age as a factor in management decisions so long as the action is valid and proportional. In all four countries, legislation on age discrimination has been consolidated with other discrimination laws. In the case of the UK, government explicitly sought to consolidate equality laws to address issues of intersectionality. In both Poland and the UK, there was a transition period to adjust to the regulations (in the case of the UK, there was a five year interim in which the Default Retirement Age was lawful). Employers in Italy and Poland are permitted to use age as a criterion for redundancy selection while in the UK, employers are permitted to offer enhanced redundancy payments for older workers.

## Policy

Government policies in all four countries are generally promoting active ageing, but there is some variation to the extent to which workplace active ageing is part of an overall framework for supporting older people in social and economic engagement. The UK government has gone furthest of the four with a government document *Fuller Working Lives* setting out an overall framework for extending working lives. It also has a programme for raising pension ages most rapidly, although it could be argued that in the case of Spain and Italy, higher pensitooon ages is having a bigger impact on older workers since the majority of pension comes from the state (whereas in the UK, workers rely on employers and/or personal savings). Pension and employment policies have focused primarily in keeping older workers in work, although in Spain, there is a programme to encourage retirees to return to work. As detailed below, various tax incentives and employment contractual flexibility programmes exist to encourage employers to hire older job applicants

One of the emerging themes of all four reports is the emergence of regional and sectoral bodies as platforms for developing and supporting workplace active ageing programmes. In the UK, Local Enterprise Partnerships in the North have been developing programmes (involving Northern TUC, CIPD and local employers) to take a joined-up approach to tackling older joblessness and skills shortages as well as to bid for resources to implement FWL. In Spain, social partners are also collaborating both on active ageing (though with less of an emphasis on work) and economic development. The Italian report noted that regional variation of employment law occurs and, although sectoral based collective agreements exist at the national level, regional differentiation can occur through activities of bilateral institutions. Finally, the Polish team is working with local based social partners to deliver tools for small and medium sized enterprises.

## Institutions

The four countries represent a diversity of business systems: state organised (Spain); mixed-market (Italy); post-communist (Poland) and arms-length institutional (UK). In two of the countries (Poland and the UK), the regulatory state takes a light-touch approach to regulation, while in Spain and Italy, coordination by institutions is high and centralised. In these two countries, subsidiarity principles mean that employment laws are implemented at the workplace level through collective agreements and bilateral institutions. In the case of Italy, volunteerism in terms of adherence to sectoral level collective agreements have led to fragmented approaches to sector based approaches to age management.

In Italy, bilateral bodies (workplace level decision making bodies) have been used to employment based social welfare including training, health and safety interventions, health insurance and income support. It has been noted that such bodies can be used to deliver active ageing interventions and support intergenerational solidarity.

## Pensions

Pension ages (ie the date at which a worker can draw their pension) is rising in three of the four countries: 67 in Spain by 2027; 66 in Italy; 66 in the UK by 2020. In Poland, government reversed a programme to raise pension age to 66 by 2035. In the case of the UK, the impact of rising SPA age is mitigated by the relatively low proportion of state provision on the overall pension pot. However, changes to public sector pensions in 2014 have lined public sector pension ages to SPA.

Government delivers the majority of pensions in all of the countries except in the UK where delivery of second tier pensions are primarily through employers and highly fragmented. Replacement rates as measured against average wages are 89.5% (Spain); 73.7% (Italy); 60% (Poland); and 42% (UK). In the case of Italy, social partners have a direct impact on pensions through bilateral integrative pension funds.

An interesting feature which tie all four countries together is the reliance of defined contributions pensions. In Italy, workers employed after 1995 contribute entirely to DC state run pensions. In Poland, workers contribute to individual retirement accounts through mandatory contributions with employees having a choice over the pension portfolios. Private sector employers in the UK have, since 2004, closed DB schemes to new entrants or closed pension funds altogether. A new Workplace Pension is being rolled out in which DC pensions will be funded by employer, employee and state contributions and managed by a jointly managed trust. Spain is the only in which the state runs a DB contributory system. However, pension reforms as well as concerns for the sustainability of the welfare state have led to a dramatic increase in people opening individual retirement accounts. The four countries represent a diversity of business systems: state organised (Spain); mixed-market (Italy); post-communist (Poland) and arms-length institutional (UK). In two of the countries (Poland and the UK), the regulatory state takes a light-touch approach to regulation, while in Spain and Italy, coordination by institutions is high and centralised. In these two countries, subsidiarity principles mean that employment laws are implemented at the workplace level through collective agreements and bilateral institutions. In the case of Italy, volunteerism in terms of adherence to sectoral level collective agreements have led to fragmented approaches to sector based approaches to age management.

Two countries allow early retirement for people who are unemployed our in a workplace restructuring. In the case of Spain, employees who are within two years of retirement and in Italy, employees who are within four years of retirement and have been unemployed for four years can start to draw their pensions. Neither Poland nor the UK governments provide early retirement benefits. However, in Poland, workers can draw down a reduced DC pension, while in the UK, employers can offer early retirement during a redundancy (as the UK public sector organisations have done).

All four countries have pension rules to allow workers to delay drawing their pensions. In Spain, two schemes have allowed workers to delay the starting to draw their pensions and either benefiting from an augmented pension of between 2 and 4% or reducing workload while drawing a partial pension. Takeup of partial retirement entitlements are low. In Italy, workers have the right to reduce their workloads by between 40-60% and drawing part of their pensions. They also are entitled to be paid the employer contribution to social security tax free. Workers in the UK who delay retirement can receive an augmented state pension. 2007 changes to pension rules also allowed employer provided pension funds to pay pension benefits to workers who are phasing into but not fully in retirement. In Poland, workers can delay the date at which they draw their pensions, but must fully retire before drawing down their pension funds.

## Unemployment

All four reports noted that joblessness amongst older people is higher than the overall population, although each also highlighted the high levels of youth unemployment- a problem which was discussed in the Spanish report. There are various and modest programmes which are available to support older jobless into work. In Poland, government subsidises pension contributions for people 55+ who are out of work (the UK also provides pension credits for the unemployed and people who are out of work because of caring responsibilities). Spain has a programme for encouraging retirees to return to work by offering some pension flexibility, although take-up is quite low. The Italian government provides some tax incentives for organisations to hire older job applicants, such as suspending social security contributions. The Italian report also points to the role of bilateral institutions in delivering income support to jobless and resources like training and job placement to get them back into sustainable work. Social partners are therefore actively involved in supporting both those in and out of work. The UK’s largest union, Unite, has tried to recruit and represent unemployed people. The Italian report also cited a number of sources that argue in favour of an intergenerational approach to employability in order to address both younger and older unemployment- such as introducing knowledge management systems for older workers to pass on knowledge to younger ones.

## HRM Practice

All of the reports discussed the fragmented way in which public policy and collective agreements have influenced organisational HR practices at the workplace level. Because of relatively weak vertical integration in all four countries, employers have a great amount of discretion over whether and how to introduce active ageing HRM practices. The ‘business case’ for supporting older workers is therefore an essential incentive for organisations to act. In the case of Spain, few businesses have seen a persuasive case for acting, given the high level of youth unemployment and surplus labour. The Polish and UK reports both discussed employer concerns over skills and labour shortages which drive demand for older worker retention (but is less effective in persuading employers to recruit unemployed people). Volkswagen Poznan, for example, has adapted its assembly line in order to mitigate physical strain for factory workers while Barclays has introduced an apprenticeship programme to encourage older people to make a job change into retail banking.

Some apprenticeship programmes have been introduced and/or extended to older workers. However, it has been noted that in some cases, employers have used such schemes to offset the cost of training existing staff.

## Collective bargaining

The four countries represent a mix of industrial relation systems and formalised/informal IR structures. In Italy and Spain, unions have a formalised role in setting, implementing and monitoring public policy via collective bargaining and bilateral structures at the national, regional and sectoral level. These structures mean that employment policies are implemented in non-uniformed ways and social partners have some influence over HRM practices. For example, in Italy collective agreements can have sector based retirement ages. The Spanish report highlighted the ways in which social partners have influence over regional level active ageing programmes. The Italian report referred to sectoral based collective agreements on work longevity (though not specifically based on age) in the chemicals and transport sectors which include programmes on health, training and flexibility. In the UK and Poland, there are very weak formalised structures for collective bargaining and union influence over organisational HRM policies are largely dependent on employer discretion. In Poland, the main union movement and employer organisations are involved in developing the national response to the European Year on Active Ageing. The UK report discussed the creation of the NHS Working Longer Review Group which is an industry (and employer based) working party to review the impact which higher pension ages would have to the delivery of health services.

## Employees

All of the reports noted to varying degrees that desire to work longer is low to mixed. The Spanish report in particular discussed the low levels of application for the late retirement pension programmes. In Poland, political and social pressure have led to government reversing plans to raise pension ages. Both the UK and Polish reports discussed the relationship between income/wealth and retirement expectation, with the working poor expecting to retire late. This was less the case in Italy and Spain where pensions have high replacement rates and older workers are often worried about crowding out younger people.

## Trades Unions

Unions are generally supportive in the four countries to public and organisational policies which augment older workers employment rights and protections. In the case of the UK, unions have campaigned with age charities and like-minded employers in favour of a more comprehensive approach to tackling age discrimination and abolishing mandatory retirement. However, there were three ways in which unions’ approach to active ageing have been suppressed: 1) concerns over conflict between employment rights and pension entitlements and the right to retire; 2) concerns over the reduction of employment rights generally (in the case of Spain and Italy, via pension and employment law reforms and in the UK, the growth of the ‘gig’ economy; and 3) the lack of an intergenerational approach to work and solidarity building between younger and older workers.

## Qualifications and training

The reports discussed skills and qualifications within the context of knowledge sharing and intergenerational support. Training opportunities for older workers are less available than for younger staff and few bespoke programmes for retraining were mentioned. The UK report discussed the Union Learn programme and role of learning reps in identifying workforce level skills needs. It also discussed the Mid-life Career Review: a pilot programme to offer universal career advice to people at or around the age of 50. The Italian report suggested that bilateral agencies could play a role in delivering mid-career training.

## Employers

As discussed above, employers’ age awareness in all four countries is relatively patchy and contingent on labour and skills demands. Some good practice organisations were discussed such as VW, Barclays, NHS.

## Sectors

Older workers in all four countries are concentrated in manufacturing and public services with lower representation in services, finance, IT and hospitality.

## Projects

Various active ageing programmes were discussed in each of the reports have been discussed above, although the degree to which they focus on work have been mixed. The one overarching programme which frames this report is the “Framework Agreement on Active Ageing and an Intergenerational Approach” agreed earlier this year between Business Europe, UEAPME, CEEP and the ETUC (and the liaison committee EUROCADRES/ CEC). This is an agreement to implement national, regional, and company level initiatives to take a life-cycle approach to productive working.

## Research

European level research projects were discussed which emphasised multi-disciplinary approaches to age, work and health (MOPACT); local and regional pilot health programmes (EIP on AHA); employer interventions (Workage); and the development of tools to implement and measure active ageing.