



Managing the risks of an ageing workforce

March 2015



Foreword

The three years following the abolition of the Default Retirement Age (DRA) have seen a marked increase in the number of people aged 65 or over who continue to work.

According to the latest Office for National Statistics¹ report, there are currently 1.13 million workers in the UK, aged 65 or over, compared to 874,000 in 2011, when the DRA was finally phased out, close to a 30% increase.

This trajectory is set to continue. Currently in Britain there is a higher proportion of older people than at any time in recent history, with one in every six people aged over 65. By 2033 this figure is anticipated to rise to nearly one in four. Adding to this the expectation that one in every three newborns will now live to be a hundred, the demographic implications are clear.

Whether it is down to necessity, as a result of insufficient pension savings, the fact that we are living longer due to medical advancements or just our desire to work longer, it is indisputable that Britain's workforce is getting older.

What does this mean for employers and is the subject even on their radar? QBE commissioned research in November 2014 among Senior HR decision makers in businesses across the UK to understand the extent to which, if at all, employers monitor and consider the age of their workforce.

It was striking to find that 60% of respondents did not know the percentage of their workforce who were above the state pension age; equally startling, 56% did not know how many of their current employees over 60 were planning to continue working beyond the state pension age.

This lack of awareness gives grounds for concern. From an employee health and wellbeing perspective, it could signal that Britain's employers do not have the policies and support services in place that reflect the needs of all their workers. This exposes older employees to work-related injury or illness and companies to the financial consequences of employee absence.

In this report, we present the wider research findings, consider the ramifications of an ageing workforce and provide practical advice for employers on how to ensure the safety, health and wellbeing of their older workers.

Rosie Hewitt

Rehabilitation Manager
QBE European Operations



Key findings

- 60% of Senior HR decision makers did not know the number of their company's employees who were above the state pension age
- Of those respondents who did know the number of their employees above the pension age, over one in three estimated it to be between 21-30% of their workforce
- In terms of forward planning, more than half of those businesses surveyed (56%) were unaware of the intentions of their current employees aged over 60 to continue working beyond the state pension age and fewer than one in four (22%) were monitoring how their employee demographics were going to change in the next 10 - 20 years
- 68% of respondents said their business did not monitor the cause and/or rate of absence specifically among older workers
- With regard to supporting an older workforce, well over half (62%) of respondents did not conduct specific health and safety /risk management audits, more than two thirds (72%) were not assessing the suitability of their existing occupational health and rehabilitation programmes, while 74% were not reviewing flexible working policies.
- A staggering 96% of businesses surveyed were not providing any appropriate line manager training.

¹ Office for National Statistics: UK Labour Market, January 2015





The state pension age in the UK is currently

65 for men and 62 for women.

That for women will rise steadily and equalise at 65 for men and women in 2018. The state retirement age for both men and women will then continue to increase slowly until it reaches 67 for all in 2028.





The realities of ageing

The ageing process affects the body and mind in a number of ways. Whilst it is unfair and unwise to consider older workers as a homogenous group, it is true to say that muscle power and lung function decrease and eyesight, hearing and joints degenerate with age.

Age is not an indication of capability however and does not in itself determine an employee's physical or mental ability to do a job. For example:

- The key elements of cognitive performance important for workplace health and safety, such as intelligence, knowledge, and use of language, do not generally show any marked decrease until after the age of 70
- Where a decline in cognitive abilities, namely working memory and reaction time, is seen, there is evidence that safe performance of tasks is unlikely to be affected, as older workers can generally compensate for it with experience, better judgement and job knowledge
- Although speed of learning tends to slow with age, there is strong evidence that older workers can achieve a good standard in learning and performing new skills, provided additional training and practice time are allowed

There is little conclusive evidence that older workers have an increased risk of occupational accidents than younger workers. However, accidents involving older workers are more likely to result in more serious injuries, permanent disabilities or death. Recuperation following an injury may take longer, particularly if there are pre-existing and/or degenerative conditions.

“

Consequently, due to the more serious ramifications illness or injury can have for older workers, the importance of prevention is more pronounced than usual. Employers would do well to conduct health, safety and risk management audits specific to older workers in order to ensure their working environment is as safe as it should be.

Worryingly, almost two thirds of the businesses we spoke to in our survey were not doing this at all.

”

What can employers do to support older workers?

Supporting the health and wellbeing of an older workforce benefits society as a whole and ensures that vital knowledge and experience is retained longer in the workplace. Employers should consider five key areas.

- 1 Risk management**

Ensuring the health and safety of employees should be of paramount importance to employers. This applies to all workers but adjustments may be required for older workers.
- 2 Healthcare services**

How are the occupational health and rehabilitation services available to employees configured to meet the needs of older workers and, again, how do these fit within a company's wider health and well-being programme? In particular around health surveillance which will enable a business to identify health issues early on.
- 3 Prevailing attitudes in their business towards older workers**

If negative perceptions or behaviours exist, these should be addressed as part of an organisation's overall diversity and inclusion programme.
- 4 Training**

People managers should be provided with suitable training to help them understand the needs and challenges of older workers and what additional support they can seek themselves and can offer to their direct reports.
- 5 Working practices**

What scope exists to provide flexible working options to older workers and how does this fit within a company's overall approach to flexible working?



Focus on risk assessment

The HSE¹ sets out clear guidance as to what businesses can and ought to be doing to manage an increasingly older workforce. As discussed earlier, accidents or illness involving older employees can have more serious and longer lasting consequences than for their younger counterparts. Risk assessment should be a critical component of every company's risk management practice, irrespective of employee demographics, but at the same time it needs to be relevant and reflective of the make-up of each workforce.

Individual risk assessments should always be carried out if an employee experiences any significant changes to their health, not just when they reach a certain age. Depending on the change to their circumstances, consideration should be given to the nature of their activities and whether any modifications are required.

For an older worker, these could include:

- allowing more time to absorb information or for training. The introduction of self-paced training is a good option
- introducing opportunities to choose to move to other types of work
- designing tasks that contain an element of manual handling in such a way that they eliminate or minimise the risk

Employers should think about how their business operates and how older workers can support general improvements to health and safety practices. This might include older workers mentoring younger colleagues in a structured programme to share their knowledge and experience.

It is important to avoid assumptions about the capabilities of or strain on older workers. Consult with them when considering control measures to put in place. Certain jobs that are physically demanding should not automatically preclude an older worker. Consider whether technology, for example, can play a part to alleviate physical strain.

Occupational health and rehabilitation

Employers need to keep an open mind and look at employees on an individual basis as opposed to homogenous groupings. With regard to age, one person may be 'old' at 45 and another still 'young' at 65.

As we age, diabetes (both age and obesity related), arthritis and cardiovascular disease become more prevalent. Early diagnosis can hugely impact the management of these conditions and a robust employee wellbeing programme will make regular age-relevant health checks available to employees.

Identifying and treating the root cause of a problem will have more positive benefits for a business than reacting to individual cases as they present. If there is a high incidence of musculoskeletal and/or psychological work-related health problems in a business, it is more likely a sign that the work environment needs alteration as opposed to a direct consequence of the age of its employees.



Employers should think about how their business operates and how older workers can support general improvements to health and safety practices. This might include older workers mentoring younger colleagues in a structured programme to share their knowledge and experience.



¹ <http://www.hse.gov.uk/vulnerable-workers/older-workers.htm>

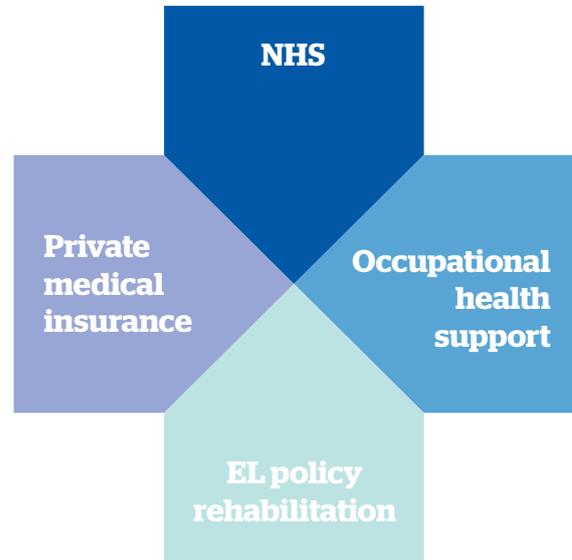
Helping older workers stay healthy

Keeping older employees at work and helping them get back to work as soon as possible after an absence can help maintain their health and wellbeing while also maximising productivity and reducing the cost of absence to businesses.

Broadly speaking there are four main sources of support to assist a timely return to work for absent employees.

The most effective way to reduce the length of time employees are absent and thereby control associated costs is to jigsaw each of these services together to ensure that the positive attributes of each are maximised and there is no overlap. Duplicating cover across these sources will not result in more robust support but will very likely cost a business more money.

Private rehabilitation companies work in a UK market that is currently unregulated. Having an employer's liability (EL) insurance partner who offers rehabilitation via accredited health practitioners and organisations is essential to ensuring quality rehabilitation support for employees.



Getting the most from your employer's liability policy

Many insurers offer risk management and rehabilitation support within their Employer's Liability (EL) policies. The overarching objective is to minimise the risk of work-related accidents and, where they occur, to return injured employees to work as quickly and as safely as possible. By ensuring the health and wellbeing of its employees, a company can reduce absence rates, and control and reduce the costs of EL claims.

Understanding what services are included or excluded in an EL policy is essential as it allows a business to avoid costly duplication and bridge any gaps in service provision. It is also important that businesses understand their responsibilities under an EL policy. Early incident reporting is a critical requirement and EL policy wordings commonly have specified timeframes around reporting injuries to an insurer.

From a rehabilitation perspective, a good EL insurer will be able to support all levels of injury and for all age brackets - from a musculoskeletal sprain to a brain injury. Nearly all insurers however differ in how they go about this, but there are three general approaches:

- In-house rehabilitation teams who oversee intervention by third party service providers
- Clinical teams who triage and manage employees directly
- Outsourcing the entire function to private rehabilitation providers.

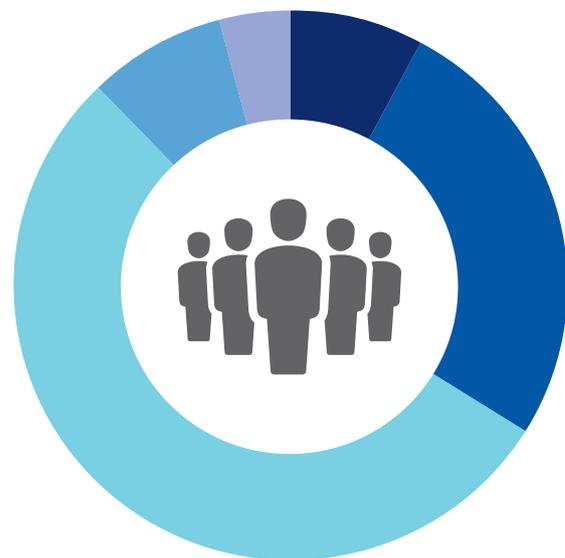
At QBE, our in house rehabilitation team also offers bespoke support on occupational health and health surveillance services that a business may require to address particular concerns, such as ensuring the right support is available to its older workforce.

For more information on QBE's award winning risk management and rehabilitation support, visit: www.QBEeurope.com/services/index.asp

How the research was conducted

The research was conducted by an independent research agency via an online survey, in November 2014, of 50 senior HR professionals across the UK. Respondent demographics were as follows:

No of employees



Company Size	%
1-9 (Micro)	8%
10-49 (Small)	26%
50-249 (Medium)	54%
250-999 (Large)	8%
1000+ (enterprise)	4%

About QBE

QBE is a business insurance specialist. We understand the risks businesses face and support organisations from a diverse range of sectors in managing and mitigating their risk enabling them to realise their objectives.

An A+ rated insurer, we have the appetite and capacity to provide cover for businesses of all sizes.

Our extensive product range includes:

Accident and health (inc commercial PA and business travel)	Pharmaceutical and medical
After the event insurance	Political risk and terrorism
Commercial crime	Product guarantee and recall
Commercial combined	Product protection
Contractor all risks/EAR	Property
Energy, offshore and onshore	Reinsurance
Entertainment and leisure industry	Scheme underwriting facility
Environmental impairment liability	Specie
Financial and professional liability (Cyber Liability, Director's & Officer's, Professional Indemnity)	Surety/bonds
General liability (Employer's Liability, Public Liability, Tradesman)	Trade credit
Marine	Warranty and GAP
Motor Commercial (inc fleet, haulage, bus and coach, motor trade)	

Risk management

Effective risk management is a feature of all successful organisations - and it's one of our key underwriting considerations. We work closely with businesses to improve their systems and processes; minimising their exposure to risk and helping to reduce the frequency and severity of any losses.

We stand by our claims

Inevitably, claims do occur. That's when businesses really discover the value their insurance company delivers. We pride ourselves on our positive attitude and proactive approach to claims management. Our claims teams have a deserved reputation for the professional, efficient and sympathetic way they work with brokers and clients when losses are incurred.

Local knowledge

UK underwriting offices: London, Belfast, Birmingham, Bristol, Chelmsford, Glasgow, Leeds, Manchester and Stafford.

To find out more

For more information about QBE and how we can help your business, please visit our website www.QBEurope.com



QBE European Operations

Plantation Place, 30 Fenchurch Street, London EC3M 3BD

tel +44 (0)20 7105 4000

www.QBEeurope.com

QBE European Operations is a trading name of QBE Insurance (Europe) Limited and QBE Underwriting Limited, both of which are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

5286GC/MANAGINGTHERISKSOFANAGEINGWORKFORCE/MAR2015

