



## Innovation that matters.

How innovation is currently supported in an ageing society.

April 2009

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# 1 Executive Summary

The growth in the number of older people is one of the most long-term and complex public policy challenges facing the United Kingdom (UK). Government alone cannot resolve the problems created by ageing, as increasingly, major aspects of older people's lives are bound up with the way they interact with commercial markets and their communities. The scale of the challenge is significant:

- In 2005, 20.3 million people in the UK were aged 50 and over. <sup>1</sup> This number is projected to increase to close to 27 million people aged 50 and over by 2031.<sup>2</sup> Around one in six of the population was over 65 in 2005, compared to one in ten in 1950. In 30 years' time almost one in four will be over 65.
- Half of spending on hospital and community health services in Britain is on people over 65;<sup>3</sup>
- When pensions were introduced in the 1900s there were 22 people of working age in Britain for every retired person. In 2024 there will be less than three.<sup>4</sup>
- As a result of rising costs in areas such as social care, long-term health and pensions and benefits, the combined costs of an ageing society can be estimated at more than £300 billion annually by 2025, around three times current annual NHS expenditure.<sup>5</sup>

Innovation has the potential to transform products and services across private and public markets to meet these challenges. Emerging best practice, from Oyster cards to iPods, or from e-Government to supermarket home delivery illustrates how the development and implementation of new ideas is an essential part of improving quality and reducing costs.

This study maps the innovation system that exists within the public, private and voluntary sectors. It describes the elements required for innovation to flourish in any given market or sector, and assesses five sectors that relate specifically to the quality of life of older people against this system. A key part of the challenge lies in the way the organisational structure of government is arranged around services that are largely delivered in isolation. For their part, the increasing role of private markets in the provision of basic products and services may lead to gaps in high quality outcomes for older people.

The imperative to help people prepare for older age, and to align private and public services to their changing requirements is clear. The economic benefits and cost savings to public services are significant. But innovation is being constrained in the UK by a series of common structural problems:

- Cost pressure is capping the availability of resource for innovation;
- Poor or non-existing networks mean that good ideas are not always easily transferred across from one sector or region to another. Knowledge exchange between organisations is poor;
- Both older people and professionals who support them are constrained from implementing their own innovations by a combination of inflexible planning, regulation and policy doctrine;
- Incentives to encourage innovation in public and private organisations are underdeveloped. Organisations and individuals sometimes lack the motivation to think differently; and
- There is a lack of market data to confirm what products and services older people actually want and how they want them provided.

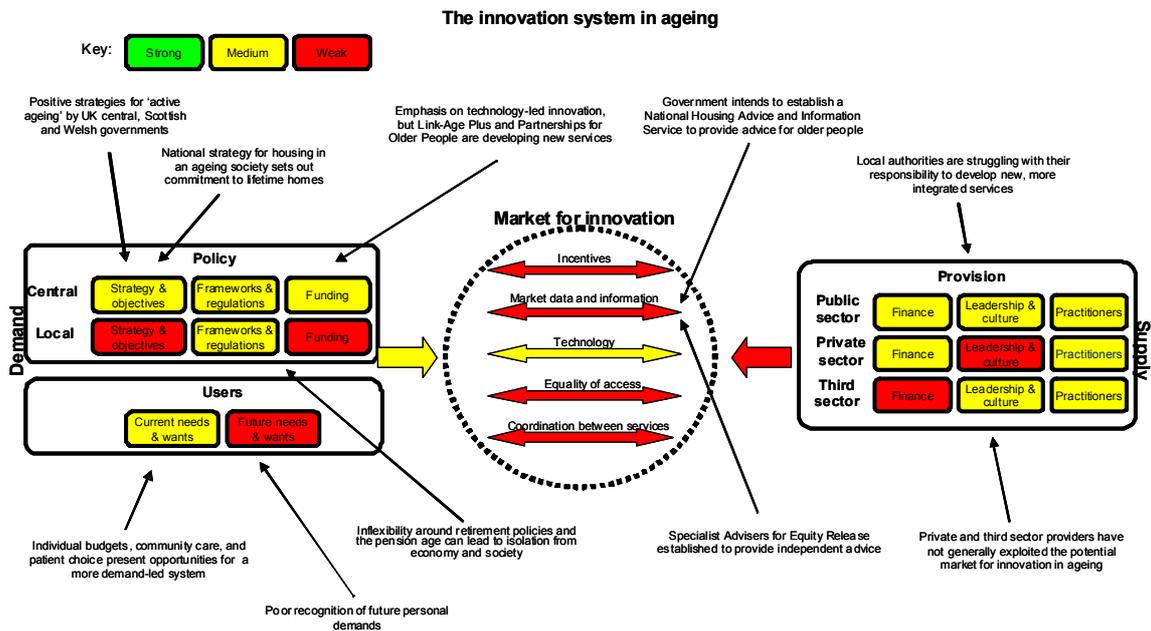
This study assesses innovation across five key areas of: housing, the local environment, health and social care, social inclusion and personal finance. For each of these areas, a number of steps are needed to increase the pace for change (and by extension, appetite for innovation); to manage a series of market adjustments to encourage innovation to flourish, and to allocate resource – both financial and intellectual – in ways that stimulate innovation and cement its role as a key enabler or reform and improvement. These can lead to problems across key markets. For example, in housing, demand for extra care service is immature, and as a result supply is limited. In older people's local communities, planning regulations and controls are constraining integrated community services, and a lack of market incentives to extend employment or other activity is preventing older people from managing their retirement in more constructive ways.

For innovations to succeed and become systemic, a number of factors must combine with a critical level of momentum to assure their potential is maximised. To reach this point – a number of reforms are needed including:

- Improve transmission mechanisms to enable sharing of successful innovations and best practice between organisations, different markets and across regions.
- Drive understanding of the 'business' of ageing and how it cuts across a series of markets and requires collaborative working and a strategic, integrated thinking to solving long term challenges.
- Regulations and processes need to be adapted to respond to the changes in public sector markets where prescriptive supply is being replaced with demand-led choice and personalisation.
- 'Ageing' as an issue needs a greater profile, and older people need to be better represented in communities and at political levels.

- Funding for innovation needs to be ring-fenced and arranged around common challenges of ageing rather than aligned to departmental budgets.
- Government needs to improve its understanding of what drives behavioural change amongst older people. High quality customer data will be increasingly important to enable effective innovations going forward.

Based on these conclusions, Deloitte and NESTA have developed a single framework that attempts to describe key aspects of supply and demand in any market or service that can have a bearing on innovation in that area. We discuss this diagram in full in section 5.



Innovation has the potential to transform both opportunities and outcomes for older people, but increasing pressure on public and personal finances, failures across key markets, and overwhelming demographic change threatens to bring systemic breakdown unless action is taken to push through reforms. Addressing each aspect of the diagram above is the key to allowing innovation to fulfil its potential as an agent of change and improvement.

Through this research, we have developed a series of recommendations for government and private and third sectors to consider going forward. Some of these include a number of practical actions to remove barriers and give greater focus to ageing as an issue, and to innovation as a means to confront it. Additional recommendations are included in section 6 of this report.

### Funding

Integrated and targeted funding will help to maximise financial and intellectual resource required to apply innovations. This might be achieved

through a **dedicated 'innovation fund'** together with new requirements for government departments to **allocate a percentage** of their Total Managed Expenditure settlements to projects that stimulate innovative activity and remove barriers across their respective domains.

*The eminence of the policy challenge*

The 'business' of ageing demands further strategic thinking and collaborative planning. This could be achieved **creating a single hub for the issues of ageing in central government** that has spending power, influence in Whitehall and excellent links with private and third sector partners.

*Enabling choice and user driven change.*

Older people need access to high quality information and advice through channels they are comfortable with. This could be achieved by **creating dedicated information and service points across public services that are for the exclusive use of older people.**

Measures could be introduced to make the transition out of the labour market for older people more flexible. Government could work with employers, Unions and third sector groups **to leverage the capabilities and experience older people offer, and broaden the availability of choices on offer** to older people at 65 and over.

## 2 Introduction

This section includes:

- an introduction to the project
- a review of the study framework
- an overview of the research methodology used for this study
- an outline of the report structure

By 2040, the number of people over 65 in the UK will have grown from 11.3 million in 2006 to 16 million.<sup>6</sup> This change will lead to a renewed focus on the requirements of older people and introduce new challenges across a range of social and economic areas.

These areas are represented by interdependent markets. The impact of an ageing population on healthcare, for example, will be closely aligned to reforms across the UK's social care system. The overlap between both markets may lead to further inefficiency and inequity if their budgets, process and assessment protocols are not aligned.

Other markets that have a bearing on older people's lives - such as housing, transport, and economic productivity may complicate and vary quality of life outcomes yet further. In addition, as links between leisure activities and personal finance and physical and mental health become better understood, Government and private and third sector interlocutors will need to find new ways to adapt products and services, and shape communities in ways that respond to the changing requirements of the ageing population. Older people hold a number of 'trump cards' relating to these future decisions. They:

- Represented 34 per cent of the population in 2006 and will represent 45 per cent of the population by 2028.<sup>7</sup>
- Vote in greater numbers than young people: 75% of those aged 65 and over voted at the last general election compared to 37% of people aged 18 to 24.<sup>8</sup>
- Own 80 per cent of private wealth in the UK, with over 65s controlling £460bn in unmortgaged equity alone – enough money to fund the NHS for 10 years.<sup>9</sup>
- 69 per cent of 65-74 year olds and 66 per cent of over 75 year olds own their own homes outright.<sup>10</sup> Through their wealth and numbers, the older population represents the group with the largest purchasing power in the UK.

- Over the last two decades, consumption by Europe's over 50s has risen three times as fast as that of the rest of the population. Over 50s buy 80% of all high-end cars, 50% of skincare products and 80% of leisure cruises.<sup>11</sup>

Despite these figures, as a group older people face a number of near term challenges:

- Just under a third of all pensioners live on or close the poverty line. 2.1 million pensioners live in poverty after housing costs are taken into account. The figure rises to 2.5 million before housing costs.<sup>12</sup>
- 1.5 million older people (60 per cent of the total number of older people with any disability or impairment) are estimated to receive some shortfall in meeting their care needs (assuming they receive no informal care).<sup>13</sup>
- The UK has the highest rate of avoidable pensioner deaths due to winter temperatures in Western Europe: the Government estimates that about half of the UK's 'fuel-poor' households contain older people.<sup>14</sup>

Innovation, whether social, financial, or technological will play a fundamental part in helping key markets adapt to the changing needs of the ageing population. Without innovation, the effectiveness of policy or market solutions used to address ageing will deteriorate as problems around them intensify. To confront the challenges of ageing in a preventative way, universal recognition of the value of innovation as an agent of change and improvement will be important, together with a need to ensure that opportunities to develop, scale-up and embed innovations across each dimension of older people's lives are taken.

This study maps the innovation system that exists across the public, private and voluntary sector. The innovation systems map set out in section 3 describes the elements required for innovation to flourish in any given market or sector. We then assess five sectors that relate specifically to the quality of life of older people against this system. The interactions between the public, private and voluntary sector are analysed, showing where innovation is strongest, and where capacity for innovation is weak. In this respect, the largest 'gaps' are identified together with a series of recommendations for addressing them.

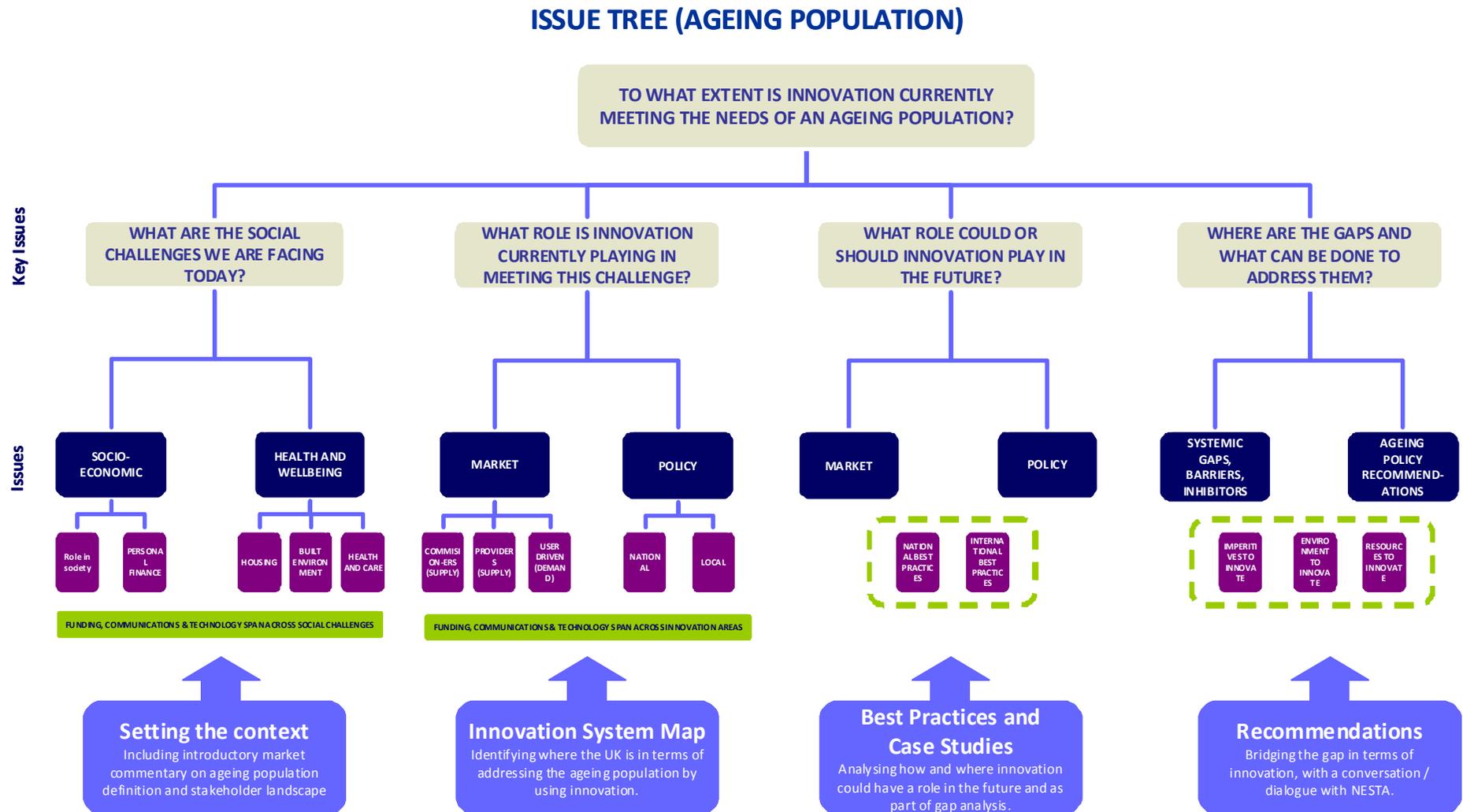
This work, produced by Deloitte and commissioned by NESTA is part of a series of studies to assess the current use of innovation to tackle some of society's most complex challenges, and to identify action required to capitalise on the potential that innovation offers. The work will be used by NESTA and others to guide future thinking on innovation and directly support the development of NESTA's Public Services Innovation Laboratory across 2009.

## 2.1 Study framework

This Study examines two areas. First, within an agreed understanding of what the overall ‘ageing’ challenge comprises, we assess the role innovation is playing in meeting key social and economic inclusion problems across housing, the ‘local environment’ (such as transport and physical accessibility), health and care, personal finance, and the status and role older people have within wider society. Second, by identifying gaps in each area where innovation is not being utilised as well as it might, we bring together common or systemic problems relating to innovation across an ageing society, and suggest steps or interventions needed to tackle these barriers.

Looking forward, the areas for development identified in this study and the innovation system map set out in section 3 will be used by NESTA to develop responses to the gaps and problems across innovation systems and in specific markets. As a starting point to this work, an ‘issue tree’ diagram capturing the main dimensions of ‘ageing’ is included overleaf. This sets out four initial research questions and the sub-issues for each area.

Figure 2.1: Issue tree for ageing



## 2.2 Research Method

To support this work we have reviewed available policy literature and research on innovation. We have also conducted our own primary evidence exercise in the form of interviews with over thirty stakeholder organisations drawn from government, business, academia and the third sector. A list of organisations we consulted is provided below. The main findings from this work have driven our primary conclusions and recommendations.

### Consultations:

Addaction	London Drug and Alcohol Network
ASH	Mental Health Foundation
Audley Court Retirement Living	National Institute of Adult Continuing Education
Beth Johnson Foundation	National Obesity Forum
Centre for Research into the Older Workforce	NHS Innovations London
Care Services Improvement Partnership	NHS London
Department for Innovation, Universities and Skills	NICE
Department for Work and Pensions	National Institute for Clinical Excellence
Department of Health	Priory (former CEO)
English Community Care Association	Quit
Four Seasons and Westminster Healthcare (former CEO)	Resolution Foundation
Global Health Futures	Respiratory Health Association of Metropolitan Chicago
Health Launchpad	SANE
Healthcare at Home	Terrance Higgins Trust
Help the Aged	The Age and Employment Network
HM Treasury	UBS
International Longevity Centre	US National Bureau for Economic Research, Centre for Ageing and Health Research
Joseph Rowntree Foundation	Young Foundation

## 3 Setting the context

### What are the challenges in ageing?

This section includes:

- a definition of 'ageing'
- a market overview of ageing including the factors influencing it and the key challenges
- a review of policy landscape
- an explanation of the role innovation can play in meeting the key challenges

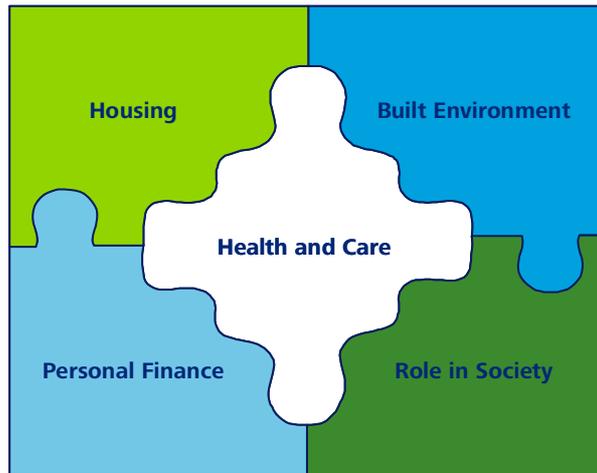
### 3.1 Ageing Definition

In the UK 'Older people' are defined as individuals at or above state pensionable age - currently 65 for men and 60 for women. The number of people in this category rose by 420,000 between 2002 and 2006 to reach 11.3 million.<sup>15</sup> Older people now account for 19% of the population, and in 2007 overtook the number of children under the age of 16 (11.5 million). By 2050, the number of individuals aged 85 years and over (termed 'very old people') will quadruple in England from 9.4 to 39.4 million. The number over 100 will be twelve times higher.<sup>16</sup>

To consider these groups in isolation is difficult however, because social and economic challenges encountered by older people may be rooted in decisions and events that occurred earlier in their life. The quality of older people's housing, their financial position or their long term health for example, may represent the culmination of decades-worth of past behaviour and decisions. For this study, therefore, we classify the 'ageing population' as anyone over 50 years old – those who are either officially classified as an 'older person' or will become so in the relatively near future. This wider group is represented by 21 million people who control 80% of the UK's wealth.<sup>17</sup>

This study focuses on five areas which affect the lives of older people. They include housing, the local environment, health and care, personal finance, and role in society.

Figure 3.1: Ageing overview

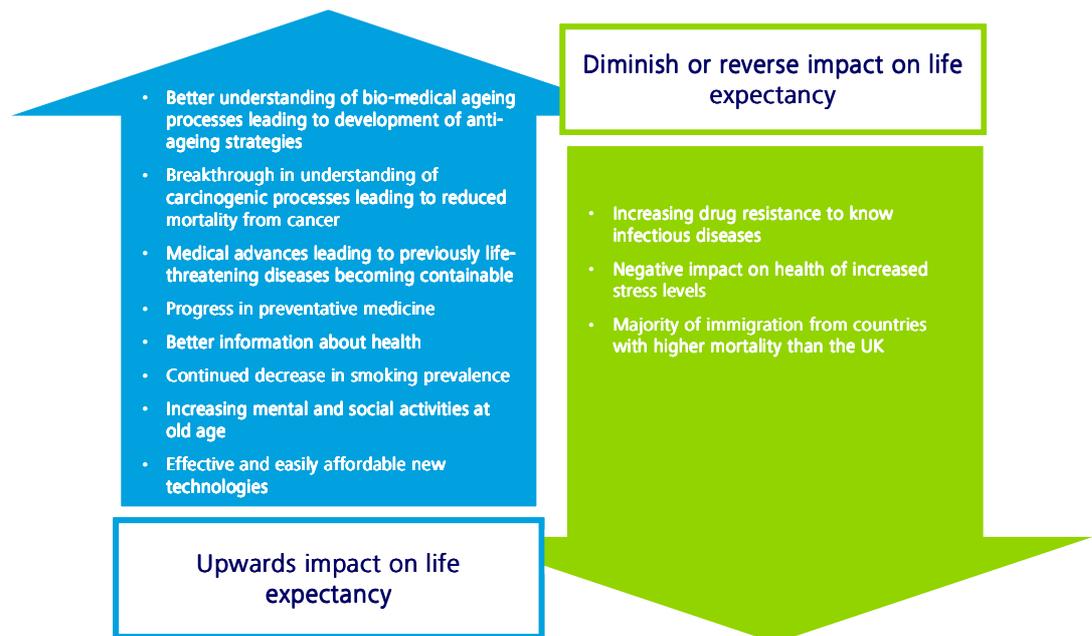


### 3.2 Market Overview

#### 3.2.1 Factors influencing ageing

Life expectancy amongst the over 50s has risen 65 per cent for females and 69 per cent for males over the last century. In 1901 life expectancy for males and females was 45 and 49 years respectively, whereas in 2002 it stood at 76 and 81 years.<sup>18</sup> This is largely because of advances in medical technology and better information around living a healthy lifestyle. Although factors such as resistance to drugs and increased stress levels can impair life expectancy, overall the impact of factors that extend life have greater influence. The figure below summarises factors that influence life expectancy.

Figure 3.2: Factors influencing life expectancy



### 3.2.2 Key market challenges with ageing

Some of the headline statistics for ageing are presented below:

- In 2006 20.5 million people were aged over 50, up 690,000 since 2002, and 2.7 million were **aged over 80**, up 220,000 since 2002.<sup>19</sup>
- The **over 50 population** in the UK is projected to increase by 36 per cent to 27.2 million by 2031.
- The number of people over pensionable age, taking into account the increase in women's State Pension Age, is projected to increase from 11.3 million in 2006 to 12.2 million in 2011, and will rise to over 13.4 million in 2026 and 15.0 million in 2031.<sup>20</sup>
- Older people will make up 48 per cent of all new household growth up to 2026.<sup>21</sup>
- 66 per cent of single adults aged over 65 did not have **access to a car** in 2005, compared to 20 per cent of couples aged 65 and over.<sup>22</sup>
- Two thirds of acute **hospital beds** are occupied by people over 65.<sup>23</sup>
- 63 per cent of pensioners receive at least half their income from the **State Pension**.<sup>24</sup>
- The **employment rate** for men between 50 and the State Pension Age was 72.8 per cent for men and 70.1 per cent for women in 2007.<sup>25</sup> This drops to 10.7 per cent and 12.2 per cent respectively for men and women over 60.<sup>26</sup>

### 3.3 Policy Landscape

Successive government white papers have recognised a need for government to tackle the challenges of the ageing population, and to do so in a way that cuts across traditional policy and departmental boundaries.

- The strategy for ageing – *Opportunity Age* – highlights three broad areas: 1) to achieve higher employment rates overall and greater flexibility for over-50s through continuing careers 2) to enable older people to play a full and active role in society with an adequate income and decent housing; 3) to drive independence, choice and control in older people's lives.<sup>27</sup>
- *Our health, our care, our say* (Nov 2006) focuses on delivering high quality social care and NHS services within communities. It also makes the case for using social care models to give users more independence, choice and control.
- The Department of Health's paper: *World Class Commissioning* (Dec 2007) discusses options to improve public health and reduce health inequalities.

- Lord Darzi's Next Stage review final report, *High quality care for all* (Oct 2008) outlines the case for the NHS working more closely in partnership with staff and patients and outlines the new NHS constitution.
- The *National Dementia Strategy* (early 2009) will increase awareness of dementia to improve early diagnosis rates and interventions.
- Local policymaking also plays a critical role in addressing the health needs of the UK population. A strong focus on access - for example in the East Midlands where services are being delivered in community settings for mental health. Across *Strategic Health Authorities* (SHAs), there is a move to focus on the safety, happiness and healthiness of older people.

Taken together these papers illustrate how the government is considering the problems of ageing in a more holistic way, and taking into account the implications of policy failure in one area on progress in another. The next step for government will be to translate the rationale for acting on ageing into action.

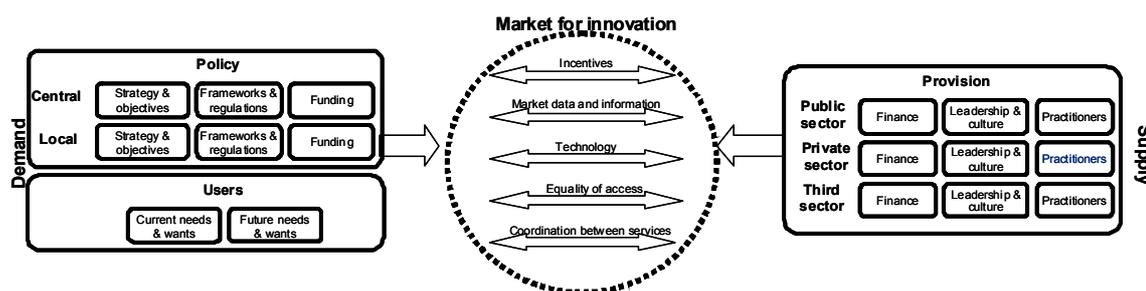
### 3.4 What is Innovation?

Innovation can be defined as the "successful exploitation of new ideas". HM Treasury identifies innovation as one of the five drivers of productivity, making it crucial to the economy. NESTA defines innovation as "the development and implementation of new ideas – typically products, processes, organisational forms or services."<sup>28</sup> For the purposes of this study therefore, 'innovation' includes research and development of new technologies, diffusion of new services, business models or organisational forms. It can be developed from institutions and actors in the private, public or third sectors.

Solutions to these social and economic challenges above can come from a range of sources. An example of a policy solution would be a new government approach to funding lifetime social housing developments. A market solution could be the price and functionality of a stairlift or a user friendly computer. A delivery solution could involve the commissioning of a voluntary organisation to provide financial advice or social networking opportunities within a specific community. Some aspects of the ageing population agenda relate to all three areas. Long term care, for example, comprises strands of 'policy' (how the system is funded, the rules around eligibility) 'market' functionalism (how well supply meets demand across specific regions) and 'delivery' (how care is actually delivered through a matrix of public, private, residential and domiciliary delivery channels).

A diagram capturing these components and the interplay between them is set out below, at this stage, with no commentary on their relative strengths or weakness with respect to ageing.

Figure 3.4: Innovation System Map



As the interface between supply and demand, and between policy, users and provision, market characteristics are critically important. Additional supporting contextual variables are also important, including:

- *Leadership* – leaders of organisations must acknowledge the potential of innovation and be prepared to invest in it, and accept innovation failure as part of the process. Effective and strategic leadership will create porous organisational boundaries within the system.
- *Incentives for change* – Users or practitioners at the point of service or product delivery are more likely to seek to innovate if they have reasons to do so. When users are provided with an incentive for behavioural change, users become empowered to self manage.
- *Institutions filling gaps in 'natural networks'* – the behaviour of markets means that opportunities for innovation may be missed if they are not aligned with market imperatives. In this instance, artificial mechanisms such as government departments or targeted public money are needed to plug gaps that the market has missed. When institutions fill this gap, it provides the rationale for the private and public sector to work in cooperation.
- *Targeted investment* – organisations need to assign a significant percentage of their budget to support innovation, and protect this money from being diverted for other purposes. Delivering targeted investment can lead to ring fenced investment in innovation.
- *Integrated funding* – funding, whether private, third sector, or government needs to be arranged around a problem, not siloed according to organisational boundaries. With integrated funding, social challenges are targeted directly, as opposed to funding deriving from individual departments.
- *Common methodologies* – if a common framework for developing ideas is present across markets or sectors and used by all organisations, the likelihood of successful innovation increases. As a result of common methodologies, the development of ideas becomes streamlined and more focused.

- *Changing roles and relationships* – The more government bodies, private sector organisations and other institutions change their role and position in the delivery chain, the greater the capacity for innovation. The greater the variation of business cultures and experiences involved in solving a problem, the greater the variety of solutions. With changing roles and relationships over time, this has led to an increase in the public sector’s involvement in innovations.
- *Exchanges of intellectual capital across industries* – industries which hold information tightly within individual organisations tend to experience less innovation. More open industries, by contrast, use extensive (and often international) literary exchange, knowledge sharing, and interchange of staff between organisations as transmission mechanisms for best practice and new ideas. With free flows of intellectual capital across industries, there becomes seamlessness from concept to adoption in the innovation system.
- *High quality customer data* – ensures that innovation ideas are based on customer preferences and are therefore demand led. This is especially important for public policymaking, where ‘customers’ preferences are not necessarily indicated by their choice of products and services (as they are in competitive markets).

### 3.5 Current Government Activity and Funding

The Cabinet Office has highlighted innovation as being a key enabler for developing more customer focused, efficient and sustainable public services and made it a primary aspect of the Transformational Government agenda.<sup>29</sup>

The Sunningdale Institute has developed the **Whitehall Innovation Hub** with senior policy-makers in order to diffuse good practice initiatives on public service innovation. The **Whitehall Innovation Group** has a role to analyse how self-assessment of departmental innovation can be developed.<sup>30</sup>

Further, Government departments are required to build an **Innovation Procurement Plan** into its Commercial Strategy to improve procurement practices across the public sector. Additional funding flows from the **Research Councils** who support innovation through research, training, knowledge transfer and public engagement. The budgets for the **Medical Research Council** and the **Biotechnology & Biosciences Research Council** will increase by 30.1 and 21.8 per cent respectively between 2007/8 and 2010/11.<sup>31</sup> More specifically, the Medical Research Council’s **life long health and wellbeing** initiative allocates longer term funding for interdisciplinary centres which address ageing-related challenges.

Other funding towards innovation includes:

- A further £15 million of funding has been provided for **Technologies for Health** to support collaborative research and development.
- The **Public Sector Exploitation Fund** will gain £68 million of funding to increase the economic impact of research by public sector bodies such as Government Laboratories and the NHS.<sup>32</sup>
- Further spending on innovation comes through **Regional Development Agencies** (RDAs). In 2007/8 RDAs spent over £260 million on innovation infrastructure and schemes.<sup>33</sup>

## 4 Current innovations

How are innovations tackling ageing challenges?

In this section, each of the five major health and socio-economic areas\* are reviewed as follows:

- an explanation of the major challenges associated with each area for society and policymakers
- a review of the current state of innovation for the area

\*Areas include housing, local environment;, health and care; personal finance and role in society.

### 4.1 Housing

3 million households with at least one person aged over 60 in England in 2004 lived in a 'non decent' home.<sup>34</sup>

#### 4.1.1 Current Challenges

##### 1. Lifetime and Adaptable Housing

*The current housing stock is insufficient in meeting the needs of the ageing population.*

The UK's housing stock includes many 19th and 20th century buildings that are becoming increasingly unsuitable for the population as it ages. New developments are being built against the backdrop of the Government's target of 3 million more homes by 2020, and to take account of the specific requirements of older people.

As the population is ageing faster than the housing stock can be renewed, however, there is also a need for government to work in partnership with private and third sector partners to refurbish or adapt *existing* housing to accommodate the changing requirements of older people. These adaptations need to take place within the context of changes to planning to create neighbourhoods that are safer and provide easy access to a range of integrated private and public services.

Recognising these challenges, the Government is bringing together stakeholders such as local authorities, private developers and regeneration agencies to align the supply of new purpose built housing to demand. Less advanced however, is progress to adapt the existing housing stock. Although individuals aged 60 and over now hold around £932 billion in unmortgaged equity, this wealth is not distributed uniformly. Older socio-economic groups are becoming increasingly polarised by housing-related wealth.<sup>35</sup>

## 2. Information

*Information about housing is inadequately conveyed to older people.*

Apart from the need to build or renew housing, there is also a requirement to improve information and advice services to enable good housing choices amongst older people. Older people often require extra space to accommodate family visitors or carers, user-friendly furnishings and technological aids, warm and secure environments, easy access to open green spaces, and a choice of accessible public and private services. Access to high-quality independent advice on how to meet these requirements will become increasingly important as demand rises.

Housing for older people links to several other themes such as the delivery of public services in the community, social and economic inclusion and alleviating the cost burden on the NHS and social services. For many, independence in one's own home represents a key element that defines their 'quality of life'. In the UK, older people are less inclined to 'downsize' to more suitable accommodation and free up equity to spend on care costs or other expenses. Of individuals over 50, 55 per cent of those who own their own home have no plans to move in the future.<sup>36</sup>

### 4.1.2 Current Role of Innovation

#### Housing innovations related to lifetime and adaptable housing

- *Innovative extra care developments are becoming more common, although they are not yet systemic.*
- *Public sector new housing will be built to the 'lifetimes housing' standard by 2011.*

**Extra care developments** describe self-contained homes designed for specific needs that provide on site support services to enable independent living. They offer the security of accessible support and services, without the stigma of a standard residential care home. Many extra care developments also offer a range of rental and ownership options. **Hartfields retirement village** is an example of a project that promotes independence and choice for people from the Hartlepool area. It offers a series of apartments and cottages for sale or rent which are in close proximity to purpose built leisure facilities and health and wellbeing services. The development is a result of a pooling of expertise between a housing trust, the local authority and the local PCTs. Hartfields properties are only available for sale to older people. If an owner dies or decides to sell, the Trust buys back the property at prevailing market value. Any re-sale surplus is shared on a 60:40 in favour of the Trust. However, if property values fall the trust guarantees receipt of the original purchase price to the owner.

A second challenge relating to the renewal of the existing housing stock is to improve the quality of **adaptations** to enable older people to remain in their own home. Adaptations categories include technological, physical and environmental changes - funding for which may sometimes come from dedicated public grants. Innovations in adaptations relate to actual improvements themselves (such as greater use of **telecare, telehealth**, adapted and accessible furnishings and better insulation) together with closer working and partnerships between central departments, local authorities, and the third sector to integrate funding. In its 2008 strategy **Lifetime Homes, Lifetime Neighbourhoods**, the Government announced the creation of a national rapid repair and adaptations service to support a major expansion of handyman schemes across the country. Other local home improvement projects, such as **Blackpool Care & Repair** provide loans or small grants to help older people adapt their homes to suit their changing needs. They also assist with related tasks such as form filling, finding a reputable builder, and helping older people maximise their income through benefit checks, energy efficiency advice and access to charity funding or support.

#### Housing innovations related to information

- *Information exchange is a relatively new innovation in housing.*
- *Older people need high quality information to enable them to make informed choices.*

Empowering older people to make good choices about their housing is a key part of meeting the needs of an ageing population. Innovations in this area are driven primarily by government in partnership with the third sector. **Link Age Plus**, for example, is a DWP pilot that offers one-stop-shop approach to information and services for older people in eight local authorities. The pilots are based on a common set of principles: working with others, providing flexible pro-active services, provide accessible services, promote well-being and independence, and promote a respectful service. The Government also intends to establish a dedicated **National Housing Advice and Information Service** to provide advice for older people on housing, and accessing low cost or free maintenance and repairs services for their homes.

These examples show instances of good practice across the housing sector, but their application is sporadic. The Government is seeking to develop mechanisms to create incentives for builders and designers to ensure new housing stock is easily adaptable and takes account of demographic change. Investment in lifetime housing developments has been constrained by the difficult economic conditions across 2008 and 2009. In the last five years, higher property and land values have represented barriers to low cost quality home ownership.

The largest challenge however is the need to adapt the existing housing stock – through technology, innovative design or regeneration initiatives – to the changing needs of older people. The growth in retirement villages, extra care projects and a more integrated approach to policymaking to create lifetime housing will help ensure future developments take account of an ageing population. But for the existing stock, the onus is on local authorities to deliver on central policy commitments by taking a more strategic approach to adapting their existing stock of public housing, and managing their communities and regeneration programmes in ways which introduce low cost access to effective adaptations for private homeowners.

## 4.2 Local environment

Older people aged over 75 are most likely to report difficulties in accessing local services: more than 20 per cent reported finding access to their local hospital very difficult.

### 4.2.1 Current Challenges

#### 1 Transport

*Transportation is a key method for the ageing population to get around their environment.*

Many older people depend on private or public transport networks. 66 per cent of single adults aged 65 and over did not have access to a car in 2005.<sup>37</sup> Car ownership is particularly important for those of 'baby boomer' age, who may have spent most of their adult life using cars as part of their everyday lives. But as roads become more congested, access to clean, safe and reliable public transport networks is becoming increasingly important for older people. Research has shown that access to a range of transport networks is associated with higher perceived quality of life.<sup>38</sup> But to meet the challenge of improving transport for older people involves balancing the need for operator profitability and the requirement to provide special access services, improved infrastructure, and subsidised or free transport.

Whilst transport operators have improved their offerings for physically disabled people (such as wheelchair access on trains), work to respond to sensory impairments amongst passengers remains limited. Indeed, to meet the changing requirements of technology-savvy customers and reduce costs, some airlines, train and bus operators are encouraging online ticketing or check-in, smartcards and traffic management signalling on motorways. Whilst improving passenger experiences overall and reducing costs, these innovations may further alienate older people from using transport networks with confidence.

Safety and cleanliness are important issues that older people say they require in public transport. Personal safety often represents a major barrier to use, with safety in urban areas and on the London

bus network a particular challenge. Lack of onboard toilets that are clean and adapted for older people also represents a deterrent for older people.

The dispersal of traditional family units has also contributed to a decline in the availability of private transport provided by family members for some older people. Research also shows that even amongst those who still have children and other family members living close to them, older people are reluctant to ask for lifts – even to hospital or GP appointments.<sup>39</sup>

The volume of younger, more mobile people using integrated transport networks also discourages older people from using networks. The operational models of low cost airlines or the London underground depend on large volumes of passengers moving quickly through the system. This fast-paced environment can be intimidating for older people, and drive further disengagement from transport networks.

## 2 Social Environment

*The overall social environment must be suitable for the ageing population to engage in society.*

The ‘social environment’ relates to the physical distribution, accessibility and proximity of private and public services to older people’s homes. These can include essential services such as health clinics, care support and supermarkets, through to less critical (but still important) services such as safe and open green spaces, cultural centres and opportunities to socialise or integrate with peers.

As a person’s mobility reduces, accessibility to these services becomes important in order to offset the likelihood of isolation, loneliness and associated physical or mental decline. Delivery of services in the home (and home delivery, installation, and removal of old products) becomes more attractive services as people age. But for such services to cost effective, they need to be based within a community. Free or low cost delivery and installation of a new washing machine, for example, is more viable for a supplier if they are based 5 minutes from a customer’s home rather than in a commercial zone outside town centres. A key part of adapting and developing the social environment therefore lies in appropriately planning and taking forward regeneration projects that are integrated with ageing strategies and housing development.

## 4.2.2 Current Role of Innovation

### Local environment innovations related to transport

- *Transport innovations have mainly sought to reduce the financial burden of using public transport for the older population.*
- *Innovations to improve access to public transport are less common.*

The **Department for Transport** (DfT) provides guidance to local authorities on implementing transport infrastructure and accessibility. DfT the **Department for Communities and Local Government** have also published guidance on transport assessments, setting out how prospective development sites should be assessed for impact on the local transport infrastructure. To meet the challenges of the ‘social environment’ a recent paper by the NHS describes its role in promoting sustainable development by aligning services more closely to community requirements. Lord Darzi’s review of primary and community care strategies also comments on the need to divert healthcare service provision away from out-of-town District General Hospitals and into the community.

Over the last 50 years, the UK has embraced a **culture of car ownership**. This dependency has led to challenges for older people who have may have used a car all their adult lives, but who find themselves increasingly unable to drive safely as a result of physical or mental deterioration. Unlike other countries, the use of larger and simpler street signs placed well before intersections, and exit ramps has been sporadic, and limited use of dedicated right-turn lanes (except for high volume turn-offs) has also led to problems: the right turn across oncoming traffic is one of the largest causes of crashes involving drivers aged 80 and over.<sup>40</sup>

In the United States, **car manufacturers** have responded to changing demography by making adaptations to door handle shapes, larger font sizes on the dashboard, or better lighting on car gauges. By understanding common conditions that affect driving such as cataracts or arthritis, designers have improved the accessibility of their products in ways which broaden their appeal to a wider audience. Other innovations from abroad include additional grab handles to make physical entry and exit easier, or dashboards that exclude blues and reds colours which are more difficult for older eyes to distinguish.

For **public transport**, innovations have principally sought to reduce the cost of travel for older people, (all individuals over 60 are now eligible for **free bus passes** and reduced train fares) rather than make the actual journey a safer, more accessible and appealing experience.

## Local environment innovations related to the social environment

- *Innovations around the social environment are progressing amongst private providers of goods and services (see best practice in Germany).*
- *Lifetime neighbourhoods are an innovative model for the social environment.*

Private sector innovations are leading the way across the social environment. Drawing on experiences from the a **German supermarket** chain – Kaiser’s – some UK supermarket chains are responding to changing customer requirements by making adaptations such as wider shopping aisles, lower shelving, and larger-font pricing and product information to suit older customers.

Commercial organisations whose customer base stretches across all age groups – such as supermarkets, hairdressers, or consumer goods suppliers, have shown to be more responsive to the changing needs of their customers than public services or other private sector organisations who target younger age groups.

To construct an environment where private and public services are readily accessible to people of reduced mobility, flexibility and responsiveness in planning will be critical. At present, planning regulations and controls can constrain integrated community services, and policy changes to encourage innovation in planning may be necessary. Greater innovation in infrastructure (e.g. bus access) as opposed to financial (e.g. a free bus pass) may become more important to improve accessibility and the engagement of public services and transport networks amongst older people.

### 4.3 Health and Care

*Healthcare staff spend 34 per cent of their time with older patients, dealing with falls and mobility problems in older people 34 per cent of the time.*<sup>41</sup>

*Stroke is the single biggest cause of severe disability and one of the most common causes of death in England and Wales.*<sup>42</sup>

#### 4.1.1 Current Challenges

##### 1. Delivery System

*The growth of an older population will place renewed strain on the health and care systems as demand for services increases and complex need becomes more widespread.*

The challenges around health and social care are multifaceted. Outside of funding or public settlement issues however, they include:

- Central policymaking: how best to deliver health and care services in an affordable and equitable way.

- How to transform services from remedial or reactive offerings to preventative, early intervention
- How to guarantee a basic assurance for everybody regardless of means or need.
- How to maximise the potential of assets such as technology, informal care, and the equity in people's homes to improve care outcomes for older people.
- How to respond to different gradients of need, different circumstances and different choices amongst older people.

## 2. Information, Advice and Advocacy services

*Families, as well as older people, need to be considered and included more in the health and care decision making process.*

As developments such as the Government's Individual Budgets programme, community care, and the patient choice agenda gain momentum, health and social care services are changing from a supply-led system of prescriptive delivery to a demand-led system characterised by personalisation and choice. This new system may demand improved access to information and advocacy services in order to inform older people's decisions about themselves and their family members.

The ageing population will increase the burden on a health and social care system that is already under considerable financial and operating stress. There will be a need for more people to work for longer, but our perception of 'retirement' may change as more people spend longer periods of their lives out of work. Although technology and active 'ageing' may improve older people's health and quality of life, the loss of social networks and support and changes to familial trends may also increase the demand for health and social care services.

### 4.3.1 Current Role of Innovation

#### Health and care innovations related to delivery

- *The delivery of health and care services is moving to more technological devices such as telecare services.*
- *Greater focus on 'healthy' ageing and improving options for post retirement.*

Health and social care for older people is perceived as a bigger problem than housing or transport. As a result, greater innovation activity in their delivery has emerged in recent years, including:

- **Telecare** (described as any service that provides clinical or social care directly to a user's home through information and communication technology). Telecare and Telehealth (remote monitoring of individuals) have the potential to divert older people away from residential care and hospital and to support

independent living. Evidence from the US suggests Telecare can reduce costs of care, but coordination of funding and delivery at a local level has been limited in the UK.

- **Successful Ageing**, a recent report published by the **International Longevity Centre** (ILC) found that social interaction is associated with preserving mental health in later life.<sup>43</sup>
- The **'Healthy Age'** initiative by the European Commission supports the concept of 'social capital' to encourage older people to participate in the community. This is occurring in the UK through Partnership for Older People Projects (POPPs). POPPs is a 3-year programme of 29 local authority led partnerships that involve older people in design, delivery and evaluation of the service.
- **World Class Commissioning** is a programme to transform the way health and care services are commissioned. This may encourage a more strategic approach to commissioning to improve health outcomes amongst older people.
- **Healthcare at home** provides advanced home healthcare, pharmacy and clinical services outside of hospital settings.
- The success of *Connected Care* in the United States has led to the development of the first UK pilot in Hartlepool. Delivery of the pilot will through the **Centre for Excellence in Connected Care** in partnership with Turning Point - a social care organisation. This innovative approach may lead to replication elsewhere if successful.
- **Individual budgets** represent the Government's new approach to delivery of social care finance.<sup>44</sup> Individual Budgets support the Government's personalisation agenda, providing individuals with more choice and control over their support arrangements. Local authority pilots proved successful although initial take up amongst older people appear slow.
- The Government's **'Innovation for Life' Challenge Fund** has been established to promote the commissioning of innovative health and social care services through social enterprises. £450,000 will be provided to 6 projects to establish new social enterprises to help the elderly, disabled, and homeless. Specifically, Croydon is using £85,000 to create a **Partnership for Older People Village**. This will deliver information, services and support to older people and their carers. Any income generated will be invested in the village, assuring the continuing sustainability of the project.
- The **Right to Request** is an initiative to allow NHS staff to establish their own social enterprises. This entrepreneurial model

provides frontline staff with the opportunity to use their talents to find innovative ways of improving the quality of care for patients and responding closer to local needs. Primary and community care staff can put a business case to their PCT board to set up independent social enterprises which, if successful, is contracted to provide the service.

- **Tunstall** are a global company providing the innovative solutions of telehealth care. Tunstall are engaged in a partnership across Fold Housing Association, Housing 21, DigiTV and the University of Sheffield to develop a **Virtual Extra Care Service** (VIRTEx) with local communities. This is supported by funding from the Technology Strategy Board's Assisted Living Innovation Platform. The programme aims to build a virtual community of connected carers and the users to improve community based care, preserve social inclusion, maintain healthy lifestyles and encourage independent living.

#### 4.4 Role in Society

78% of 65-74 year olds said they are certain to vote at the next general election compared to only 23% of 18-24 year olds.

In 2007, 41 per cent of people aged 65 to 74 and 20 per cent of people aged over 75 had used the internet, compared to 71 per cent of the overall population.

##### 4.4.1 Current Challenges

###### 1. Intergenerational Relationships and Cultural Inclusion

*Social exclusion is an increasing problem amongst older people; intergenerational relationships offer opportunity to address it.*

With the exception of their families, older people tend to interact with peers of similar age. By fostering relationships with younger adults and children, older people can share knowledge and alleviate the dislocation from society that older age can be associated with.

###### 2. Employment

*Older people can represent 'retirement capital' if they are given opportunities for employment beyond retirement age.*

The period of time between retirement and death or entry into a retirement home provides an opportunity for older people to add value to the economy through employment, and to preserve their mental and physical integrity.

#### 4.4.2 Current Role of Innovation

##### Role in society innovations related to intergenerational relationships and cultural inclusion

- *Intergenerational best practice in innovation exists in small pockets across the UK as a means to transfer 'retirement capital'*
- *Some good pilot projects that encourage participation of older people exist; however there is a lack of government direction in scaling these up.*

**UK Older Person's Day** is a new annual event to encourage intergenerational activities by bringing together younger and older people - mainly through volunteering. Another example is the 'Age, Snapped' photography exhibition of images to create a positive perceptions of older people and challenge the outdated stereotypes.

**Upstream** in Devon is an innovation which has resulted from POPPs. It works to identify and re engage isolated older adults in rural settings through stimulating creative and social activities. It uses mentorship schemes to identify activities available to individuals and any barriers to participation. The programme also reduces the reliance on the NHS and social services and has been identified as an example of best practice across the public, private and third sector.

**Perceptions** of older people, older people's view of others and the markets view of older people are a key part of older people's role in society. John Elbourne's **Review of Older People's Engagement with Government** recommended the establishment of a **UK Advisory Forum for Older People** to bring together government, older people and other organisations. Also involved are 'Better Government for Older People' who promote and encourage older people's engagement and citizenship across all aspects of service delivery.

##### Role in society innovations related to employment

- *Innovations are needed to create a slower transition out of the labour market for the ageing population.*

The state pension age will increase to 65 for women between 2010 and 2020. It may further increase from 65 to 68 for both men and women between 2024 and 2046. Inflexibility around retirement policies and the pension age can lead to premature leads to departure from and dislocation from society amongst older people.

The Economic and Social Research Council's **Growing Older Research Programme** found older people can benefit from lifelong learning.<sup>45</sup>

Innovations to stimulate lifelong learning – and in particular a familiarity with technology – are sporadic and not co-ordinated centrally following the abolition of the Government e-Government Unit in 2007.

Some progress has been made in the private sector. **ASDA** has developed a ‘colleague base’ that reflects the local population, and has found that actively recruiting older workers mirrors its customer base more closely, ultimately providing better customer service. They say:

*"We believe that to make the most effective use of colleagues' skills, employment decisions should be made simply by asking: who is the best person for the job. At Asda we've found that some of our best colleagues also happen to be some of our oldest - with loads of experience to share with the younger colleagues. They make a massive difference to our stores. We have over 20,000 colleagues who are over 50, representing 19 per cent of our workforce."<sup>46</sup>*

Innovations to encourage work beyond 65 are needed to improve inclusion and engagement amongst older people. Method to manage this could include: job sharing, non-compulsory retirement, incentives to continue working, and initiatives to change the approach firms take to retirement - initially through public sector employers.

## 4.5 Personal Finance

Only around a third of women reaching State Pension Age in 2005 were entitled to a full basic pension, compared to 85 per cent of men.<sup>47</sup>

In 2006, only 47 per cent of men and 38 per cent of women were contributing to a private pension scheme.<sup>48</sup>

### 4.5.1 Current Challenges

#### 1. Leveraging Equity

*Older people often had considerable wealth tied up in their property. Innovations could be developed to help older people access it in more equitable ways.*

Growth in equity release markets has been constrained in recent years by issues of trust amongst older people. A lack of dialogue between large commercial banks and older customers has also characterised financial services for older people. However, some limited target financial advisory services now exist such as a partnership between Nationwide and citizen to provide financial advice and guidance to older people on a voluntary basis.

## 2. Advocacy

*Advocacy needs to be developed and the mindsets of older peoples need to be changed.*

Changes in life expectancy have implications for pension liabilities. Estimates have suggested that each month of additional life expectancy adds £2.5 billion to private sector pension liabilities. Older people need greater access to information and advice about their options on pensions and investments.

More widely, older people who are comfortable to confer decision making over their finances to friends or relatives have few avenues where they can do so, and the needs of older people are poorly represented across local and central politics and within communities. Innovation could be used to change this.

### 4.5.2 Current Role of Innovation

#### Personal finance innovations related to leveraging equity

- *Current equity release programmes are unattractive for the ageing population*
- *There is a lack of dialogue between financial institutions and older people.*

Innovation in personal finance can be used to help people to prepare for later life (e.g. investments with tax free incentives) by encouraging long term saving habits. There is growing demand for products developed in collaboration between banks and long term care or insurance or equity release providers, and a number of alternative pensions models have already been trialled in other countries.

**Notional Accounts** are an innovative approach to pensions which have been endorsed by the World Bank. They involve a pension contribution which is tracked and earns a rate of interest. The return that is accrued is set by the Government and not a product of investment returns in the market. They are, in effect, pay as you go financed with current contributions paying for current benefits. At pension age, the accumulated contribution and notional returns are converted in to an annuity which can be adjusted according to life expectancy. Pension reforms in Italy, Latvia, Poland and Sweden have been based on the notional accounts model.

In the UK, the Government has introduced **Personal Accounts** to encourage more private pension saving. This innovation requires employers to automatically enrol all eligible workers in to a scheme. Employers and employees provide a minimum contribution, and the Government provides tax relief. The **Personal Accounts Delivery Authority** has been set up to deliver this solution to help individuals without access to an employer pension.

Equity release (ER) products can provide older homeowners with additional income in old age. **SAFER** (Specialist Advisers for Equity Release) has been

established to stimulate the ER market and ensure that consumers have access to independent advice and information.

#### Personal finance innovations related to advocacy

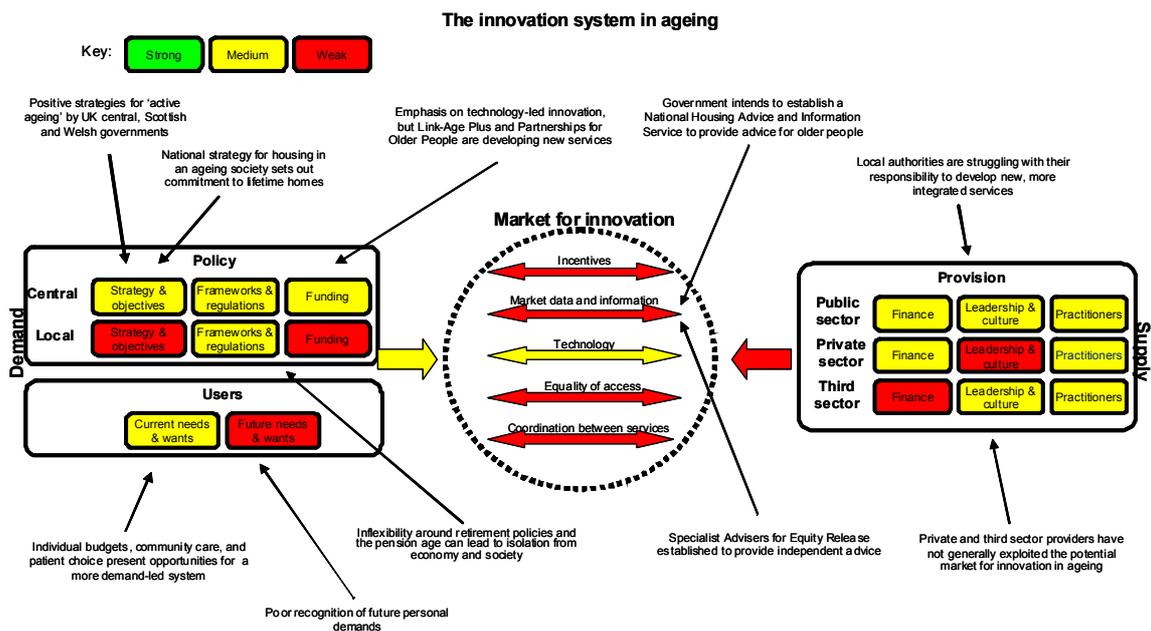
- *A lack of advocacy in terms of financial decision making constrains the effectiveness of current innovations.*

# 5 Gaps and Barriers in the Innovation System

This section assesses the markets described in section 4 against the innovation system map set out in section 3. This analysis provides an understanding of common ‘gaps’ across each area, together where capacity for innovation is constrained by market conditions or the behaviour of organisations.

The optimum innovation system is shown in figure 5.1 below. The system includes three areas of influence – demand, market-related intermediary factors and supply – and identifies the key characteristics of an effective innovation system. This time, we have colour coded the areas which, based on the analysis of the ageing sector in section 4, are assessed as ‘medium’ or ‘weak’.

Figure 5.1: Innovation System Map



## 5.1 Housing

Areas with innovation shortfall across ‘housing’ include:

- Measures to adapt the UK’s existing **housing stock**
- Reform of **planning controls** to enable better integration between lifetime housing and public and private services.

- Improve information and **advice services** to inform higher quality housing choices.
- Unlock **capital** in equitable and appealing ways.
- Encourage a broader spectrum of **housing options** for older people that offer varied increments of clinical and social support and community engagement.

*Performance against the innovation system map*

From these gaps and further analysis set out in section 5 we can make the following observations about innovation in the housing sector with respect to the changing needs of older people.

- 1) There is a long term need to improve the quality and suitability of housing for older people, because isolation and poor or inappropriate housing increases the burden on health and social care services over the long term. This imperative is not necessarily commensurate with short term or tactical decision-making by policymakers however, because the problems that arise as a result of poor quality housing have a long gestation period. Older people can survive in poor, inadequately heated and inaccessible housing. The immediate return on investment in assistive adaptations and technology to the taxpayer or a person's friends and family are not always clear.
- 2) Finance for funding adaptations is sporadic and primarily arranged around localised issues. Although a measure of intellectual capital from the private sector has led to the innovation in adaptive products and designs, implementation of these has been constrained by costs and the remedial policy posture of health and social care authorities. Resource for new build and investment has also been hit by worsening property and credit conditions which may also affect the R&D budgets of companies that are essential to maintaining the pipeline of new technological and adaptive products.
- 3) Across the market, a lack of integrated funding, market incentives to design more attractive equity release products, and a lack of a centralised forum for perpetuating regional best practice in lifetime housing is constraining innovation. Information for users is also localised and demand for greater variety in housing options is constrained by policy and market forces which impose supply-side expediency on older people rather than reacting to demand.

## 5.2 Local environment

Areas with innovation shortfall across the 'local environment' include:

- Adaptations to **private vehicles** and networks to extend the length of time older people can drive safely.
- Improving accessibility across **public transport** networks – particularly to adapt to sensory impairments.
- Adapt consumer and **community services** by following the lead of supermarkets, who are very sensitive to customer demand.
- Reduce the need for **travel** by providing public and private services in communities.

### *Performance against the innovation system map*

Barriers to innovation across the local environment against the innovation system map can be summarised as follows:

- 1) The need to improve the local environment is constrained by private operators across public transport. Improving accessibility in public transport is expensive, and meeting other requirements of older people – such as cleanliness and safety – adds to operating costs. The UK's transport network is characterised by increasing passenger numbers that further discourage use amongst older people. Profitability constrains networks from connecting to rural areas, forcing older people into using private transport.
- 2) Wholesale relocation of public services into communities is expensive. For their part, private markets have increasingly moved their place of business to out of town superstores which require car ownership or integrated public services. Supermarkets have begun the process of adapting to the changing demands of older people. Other consumer goods markets, such as large appliance outlets are developing delivery, installation and removal services to support sales, but in many cases, these services remain expensive because of the additional resource required which is not absorbed into unit cost.
- 3) Inflexibility in planning regulations can distort or constrain innovations across the local markets. This has led to interventions such as dedicated (but unprofitable) transport services exclusively for older people, together with reduced quality of service in domiciliary care delivery because of the cost of travelling across a broad area. The separation of public funding streams that are pinned to specific services has also constrained a more integrated response to ensuring the build environment meets the changing needs of older people.

## 5.3 Health and Social Care

The areas which require innovation in health and social care include:

- **Remedial policymaking** that focuses on an individual's health and social needs after they emerge, not before.

- Both health and the social systems are under significant **financial pressure**, and as a result, attention naturally focuses on individuals with the highest and most complex need. This places pressure on innovation funding to address need at an earlier stage.
- **Data** about customer requirements and information available to customers is poor and uneven.
- Services are delivered on a **regional** basis with little interchange between different regimes. This misses opportunities for best practice and success innovations to transfuse into other regions.
- **Market failure** in some areas prevents new ideas from gaining traction or funding.

#### *Performance against the innovation system map*

Problems with innovation Health and social care can be described as follows

1. The demand to improve health and social care outcomes for older people is increasingly at the heart of policymaking, and is a major requirement for older people and their families. Many of the constraints on doing so are rooted in financial shortfall, either from state contributions or because of the lack of private liquid assets such as pensions and savings amongst individuals. Inciting behavioural change to encourage individuals to prepare for their future will become increasingly important as the population ages. Financial innovations which offer guaranteed returns plus index linked potential may represent a response to increasing cost pressure. Creating greater demand for equity release products by making them more attractive to older people by also help to meet the funding challenge.
2. Similarly, supply constraints include a lack of integrated funding (Health and social care budgets are separated, and one is means tested the other isn't). There are few market incentives for local authority commissioners or private sector suppliers to explore different ways of delivering services, although the changing nature of roles and relationships amongst organisations (particularly a growth in the involvement of the third sector) is slowly improving this picture. Targeted investment for innovation exists in the form of vehicles such as the Health Innovation Challenge Fund which provides £100m from DOH and the Wellcome trust, but as a percentage of the sums spent on health (105.7bn) and social care (11bn – England only).
3. Health and social care markets are dysfunctional and dependent on 'informal care' (i.e. unpaid) – about which little is known. They are also highly fragmented and parochial, and as such good ideas struggle to cross boundaries and are constrained by policy and

regulatory inflexibility. Good innovations such as extending employment or improving work options for people at retirement age are run on an individual basis by organisations. Although clinical and social care practitioners have a solid grasp of changes needed, they are not always incentives to implement them, or may be constrained from doing so by regulation.

#### 5.4 Role in Society

Challenges that could be addressed through innovation include:

- Increasing economic activity and **engagement** amongst older people.
- Developing **products and services** that are aimed at older groups – from television programming through to consumer electronics, sports and social clubs and leisure and entertainment services.
- Representing older people's requirements at political level and **integrating services** provided by different government departments and at central and regional level.
- Improve **intergenerational** engagement through technology.

#### *Performance against the innovation system map*

Factors constraining innovation in these areas include:

1. The need to engage older people as a profitable consumer group and a political force appears minimal, which is inexplicable given the aggregated wealth of older people their voting record, and the reputation as the least demanding of all consumer segments. Whilst *expressed* demand for innovations in this area is limited therefore, latent demand by virtue of the volume, wealth, and complex requirements of older people is high. Policymaking is only beginning to recognise the need to arrange public services around the needs of older people, not departmental siloes, but private markets, particularly supermarkets and consumer products are beginning to realise the profitability of older people.
2. Supply, by way of integrated funding for specific social inclusion projects is sporadic, although money for local regeneration projects is increasingly taking account of social inclusion objectives. The allocation of intellectual capital across public and private markets is weaker; many consumer facing companies have little to offer older people, and a growing presumption that all consumers are comfortable and familiar with technology is alienation older people from mainstream markets still further.
3. Market provision for increasing social inclusion is constrained inflexible labour policies, and a narrow range of options for

employment for older people. There are few common methodologies or critical thinking specifically designed to increase participation, economy activity and community engagement amongst older people. Market data about older people's choices and requirements is poor quality (in contrast to younger consumers, who are more subject to customer profiling), and education and information channels to rely advice to consumers are increasingly delivered through electronic networks to which older people may not have access.

## 5.5 Personal Finance

Innovation is needed to address the following areas:

- **Anticipation and awareness** of the need to prepare for the cost of old age amongst individuals in their 40s and 50s.
- Help older people access large volumes of **illiquid capital** tied up in their homes in ways which are fair and equitable.
- Offer independent, transparent **information advocacy** and advice services to help older people manage their finances effectively, and navigate complex systems such as the long term care and benefits systems.
- Encourage greater use of **private pensions** to help people pay for their own care and other needs in later life.

### *Performance against the innovation system map*

Innovation is unable to flourish in response to these problems because:

1. The need to help people remain financially independent is evidenced through examples such as the burden of social care or fuel benefits, but it is constrained by the need to develop financial products that are attractive to people in middle age, but profitable enough to be attractive to private providers.
2. The rationale for advocacy services to help people make sound financial choices is clear, but again, if run by private providers incentives need to be present to attract sustained engagement.

## 6 Recommendations

This section is to present high-level recommendations for innovation in ageing.

This section includes:

- Recommendations for innovation in ageing across markets, improving the imperatives to innovate, and creating the resources to innovate.

From the evidence presented above we can make the following recommendations:

- **Across markets, successful innovations are not being scaled up or adopted systemically because the transmission mechanisms are inadequate.** This is principally driven by a lack of channels and dialogue between the public, private and third sector organisations. Introducing effective transmission mechanisms will lead to a market environment where successful innovations are universally scaled up and adopted across a short time frame. Better coordination might be achieved through a dedicated ‘innovation fund’ together with new requirements for government departments to allocate a percentage of their Total Managed Expenditure settlements to projects that stimulate innovative activity and remove barriers across their respective domains.
- **The ‘business’ of ageing (across housing, health and care, local environment, role in society and personal finance) demands further strategic and collaborative planning.** The interdependencies between the challenge areas require an integrated response – from organisations – in finance policymaking and ageing. This could be achieved creating a single hub for the issues of ageing in central government that has spending power, influence in Whitehall and excellent links with private and third sector partners. As a part of World Class Commissioning, Primary Care Trusts should be redefining their role strategically as a provider and a commissioner, and the NHS and social care systems should be further integrated to provide a more inclusive service for older people. Incentives should be introduced to ensure that objectives and funding across these systems are aligned.
- **Capacity for innovations could increase if they are better aligned to the changing relationship of public service delivery where decades of prescriptive supply side dogma is being replaced with demand led choice and personalisation.** The transition over the last 30 years from supply to demand led public services will continue to change the way they are delivered. Innovation

would be most effective if the imperatives behind it flowed from user requirements.

- **Increased awareness of ageing could engage more organisations to consider the challenges and offer a greater breath of innovations.** The issue of ageing has comparatively little media and political attention compared to health or education, and as a result is not treated as an ‘urgent’ issue by government or society. If it were to become more high profile through an increased awareness of the problem, it could engage successful innovators from other areas to the subject of ageing.
- **Integrated and targeted funding will help to maximise financial and intellectual resource to innovate. Ring fenced** funding for innovation across government departments could be complemented with a cross cutting strategy to drive through behavioural changes amongst individuals to prepare financially for old age at and earlier stage in their lives.
- **Innovation around accessibility of information will be increasingly important to support older people going forward.** As the myriad of products and services (both public and private) becomes more complex around them, older people need access to high quality information and advice through channels they are comfortable with. This needs to be built into delivery models and advice points to ensure older people are not alienated from mainstream society.
- **People of all ages need to be encouraged to prepare for a long period spend in old age.** Innovations to aid this process could include wider use of pre-retirement health checks, private retirement advisers or through networks with which older people have regular contact with, such as pharmacies.

**The transition out of the labour market for older people should become more flexible.** Innovation to change retirement norms make it easier for older people to stay in the labour market for longer if they choose, and employers need to be incentivised to help them to do so.

# Endnotes

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