



The Future of Age

**Notes based on the ILC-UK and
Actuarial Profession joint debate**

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The International Longevity Centre - UK (ILC-UK) is an independent, non-partisan think-tank dedicated to addressing issues of longevity, ageing and population change. It develops ideas, undertakes research and creates a forum for debate.

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The notes of this event were produced by David Sinclair and may not necessarily represent the views of all participants

James Orr, Chief Actuary, General Insurance, FSA

James Orr welcomed the participants to the Actuarial Profession and introduced Baroness Sally Greengross.

Baroness Sally Greengross, International Longevity Centre

Thanks to BT for sponsoring the event today. ILC-UK has had a long relationship with BT and we are extremely grateful for the support they have given us over the last few years. BT are pioneers in terms of their engagement in older people's issues.

As a technology company, BT are an ideal sponsor of today's event. They lead the way with a non-discriminatory HR policy, for example. And their Director of HR, Caroline Waters, is a great friend of ILC-UK.

ILC-UK is and always will be a futures organisation. Our researchers spend their days looking at how society is likely to change over the next five to ten years and how we should respond to these changes.

Across the world we are living longer and seeing growth in the numbers of older old. Simply taking into account demographic change, we will see more people with a need for long term care and more people with dementia. We are also seeing structural change in society, with more people living alone, higher divorce rates and increasing levels of childlessness.

Our expectations of health services are changing alongside the development of new drugs and technologies. How we pay for health with these changes is a major challenge.

We live in a fast changing world. 134 years ago the first two way phone call was made. It took until 2000 for half of the world to own a landline phone, yet by 2007 half of the world owned a mobile phone. And whilst it took 75 years for telephones to reach 50 million users, it only took four years for the internet to reach a similar number. Technology is changing the way we live and our relationship to society.

Meanwhile, climate change and other environmental challenges pose serious threats for society and will impact on all of us.

These changes will have a significant impact on our economy and society as a whole. Among the questions we will consider during the debate include:

- How society is likely to change over the next 5-10 years?
- What will be the economic impact of these changes?
- How will the changing world impact on people across the life course?
- How do we (and society as a whole) need to change to meet the challenges of the next ten years and beyond?
- How well prepared are we to tackle the challenges ahead?

- What new opportunities will come over the next ten years and how can we ensure we capitalise on them?
- Are there simple solutions to some of the challenges or are we likely to need fundamental structural/policy change?

Our speakers for today are:

- Ian Pearson, Futurologist;
- Dr Nicola Millard, Customer Experience Futurologist. BT Global Services;
- Professor Rowan Harwood, University of Nottingham; and
- Martin Weale, Director, NIESR.

Ian Pearson, Futurologist

In the context of today's debate we cannot overlook the future of the economy. It is not clear that we have escaped a second dip and we are likely to see future dips due to the levels of debt and pension liabilities. But irrespective of these dips, we can expect two per cent or three per cent growth simply due to technology. In other words, even with the dips the future looks good (figure 1).

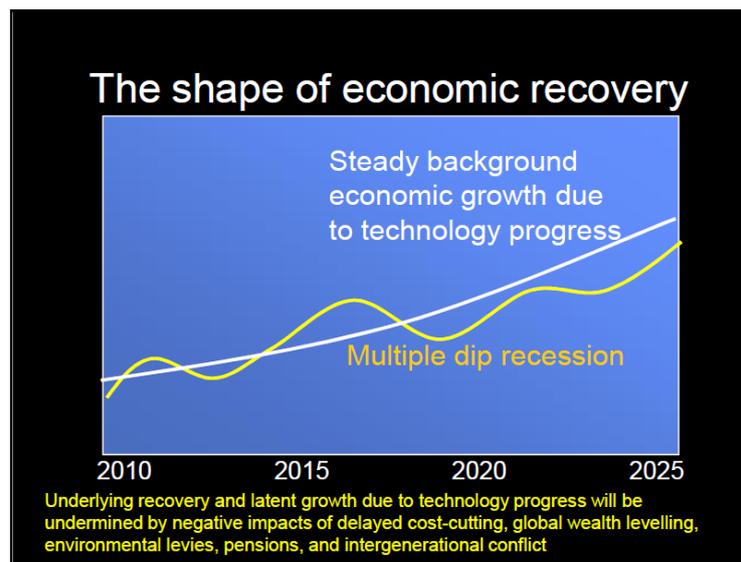


Figure 1

In terms of demographic change we can expect the future to feature more older people and increased life spans. But beyond this we may see significant population churn in the EU. We may also see higher levels of remigration, in other words, many people returning to their homelands. In the UK, and in response to the recession, we are already losing, for example, Indian surgeons/software engineers. It is often those with skills and experience who leave the country. As a result we are likely to see higher taxes and an increased pension bill for the working generation. The EU could become a retirement zone with no-one paying the bills.

We are likely to see increased healthcare bills in the future and technology has to be part of the health solution. A future of smart food, heating, and education is ahead of

us. We will also see a growth in telecare/sensors and remote supervision in the near future. Meanwhile artificial companionship will grow in importance and prominence.

We will also face a future where the funding of the health industry is likely to need to change. The balance of spending on health and health technologies is likely to move as will the balance between health spending by individuals, the state and society.

Over the next 20 years the economy will change significantly. We have moved from an agricultural economy to an industry based economy and then a service based economy. The next economy will be the care economy. As a result the significant growth in demand for work will be in jobs which involve nursing, caring and empathy. Getting out of bed or changing a bed pan could be done by R2D2 and machines can build machines, but care needs people.

Mobility in the future is likely to be via electric cars which arrives when you need it, drives you automatically and takes you a way to avoid congestions. Buses and trains are very twentieth century. In the future, transport technology will be cheaper, more environmentally friendly and look more like today's private transport.

Augmented reality is likely to change the way we live our lives. In ten years time you will wonder how you survived without augmented reality. It is already here. By 2020 it will link more naturally with the built infrastructure to help us get dates, find a job and identify the best places to hang out. The next step will be augmented reality built into glasses. If you do not like the look of people you are watching as you walk down Oxford Street, simply change who you are looking at.

Older people will use technology when it improves their lifestyle. Technology has to offer usefulness.

Other new technologies such as active skin (digital prototypes already out) and digital brains (not far away) will change the way we live. We will see new technology to enhance our IQ and other sensory enhancement. And smart bacteria may provide a cure for Alzheimer's.

It is a future to look forward to.

Nicola Millard

Futurologists look at trends and how they impact on people. One of my roles at BT is to consider these trends and advise how we can design these services to work better for older people.

We are seeing generational change, organisational change and technological change. Different generations have different attitudes to technology. For example, you do not threaten to send your children to the bedroom as a punishment any more. That is where they want to be. You now threaten to ~~disconnect~~.

Social networking is causing tremendous change. Change in the way elections are won for example. And they are fundamentally driven by a younger population. The pace of technological change is increasing.

In 1917 there were 24 100 year olds. In 2009, there were over 9,000. By 2033 there may be 64,000 centenarians.

The design of new technology is incredibly important. For technology to work it needs to be ~~useful~~, usable, and used~~+~~. Some usable technology is not always used. A social network of one does not work, for example.

We need to get better at designing with people in mind. Technologists get excited about the product rather than who is going to use it. We need to move more to design for people, not technology for technology's sake. Self service ticket machines which people do not know how to use are not going to work.

As part of some recent research we took to reviewing the patients' experience in hospital. We found that patients typically spend a lot of time in bed looking at the ceiling. So we started experimenting with putting information on the ceiling.

BT have explored using employees to design services better. For example, the Voice to Text service developed as a result of this process.

It is still the case that the young design for young. BT have supported the development of an Inclusive Design Toolkit to help designers understand where and how their products may be inaccessible.

Some key questions we must not forget in this debate include:

- * How can we use technology to engage community?;
- * How can we mobilise communities to help ensure older people are not disengaged from society?; and
- * What is the role for social networking?

In conclusion, we need good design, and to be good it has to be ~~useful~~, usable and used~~q~~

Professor Rowan Harwood

It is difficult not to be too gloomy about the future.

The demand and cost of health will rise and whilst people want to hear about magic treatments, technological advancements will require significant investment. Medical inflation sits at between six to ten per cent a year. At the same time, even a small decrease in the numbers of working age will lead to a rise in the dependency ratio. Meanwhile, the supply of younger people to deliver care is declining.

This is a global problem, but some places are impacted harder than others. The situation in countries such as Japan and the Czech Republic is even worse than here, for example.

The number of people with dementia, having strokes or suffering hip fractures rise exponentially with age. The likelihood of disability also rises with age. Older people are more prone to crisis and acute illness. The likelihood of needing to live in a care home increases with age but has been decrease over 20 years. Therefore there is significant growth in the need for very intensive home care. Most people now living in care homes are multiply and severely disabled.

Meanwhile the capacity for society to meet the challenges will diminish. The two Wanless reports (2002 and 2006) highlighted the increasing need for care (sixty per cent over 20 years).

If we are to meet the long term costs of these challenges we will have to do one of (or a combination) these five things:

- ~ Reduce disease or disability
- ~ Reduce the impact of disease or disability
- ~ Reprioritise
- ~ Improve efficiency
- ~ Spend more

It is true that some disabling diseases are less common now than they were. We have seen a 50% reduction in heart disease and stroke as a result of health interventions. This gives us some hope in terms of the compression of morbidity (figure 2).

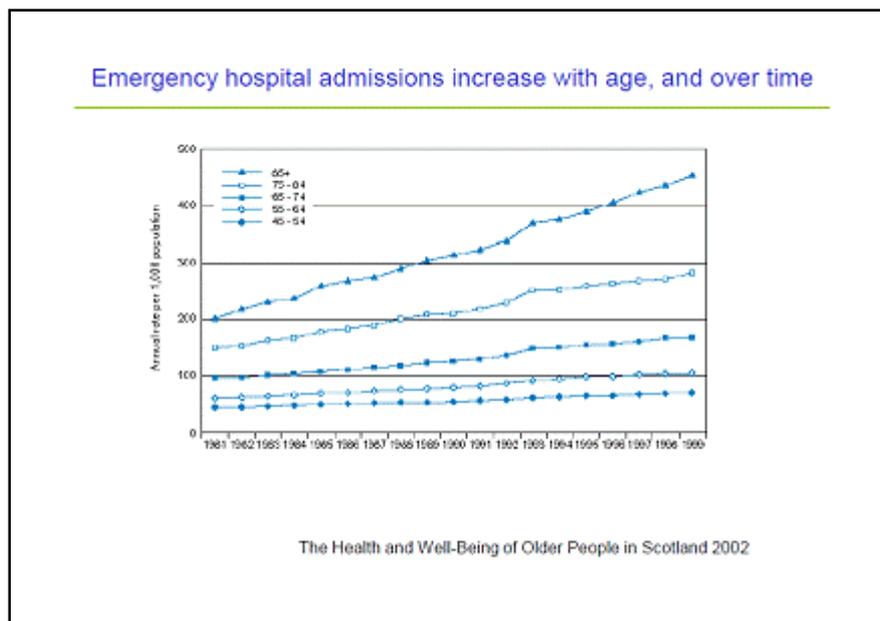


Figure 2

Some conditions are not declining in prevalence. We are increasingly conscious of the need to prevent conditions but other than vaccination, there is not evidence that

prevention is cost-saving. Wanless suggested that we could expect only a ten per cent reduction in health care need due to prevention.

We can do more about access and addressing unmet need. And care is improving in some areas. The number of hip replacements quadrupled over the 20 years to 1998 among those over 75, for example (figure 3).

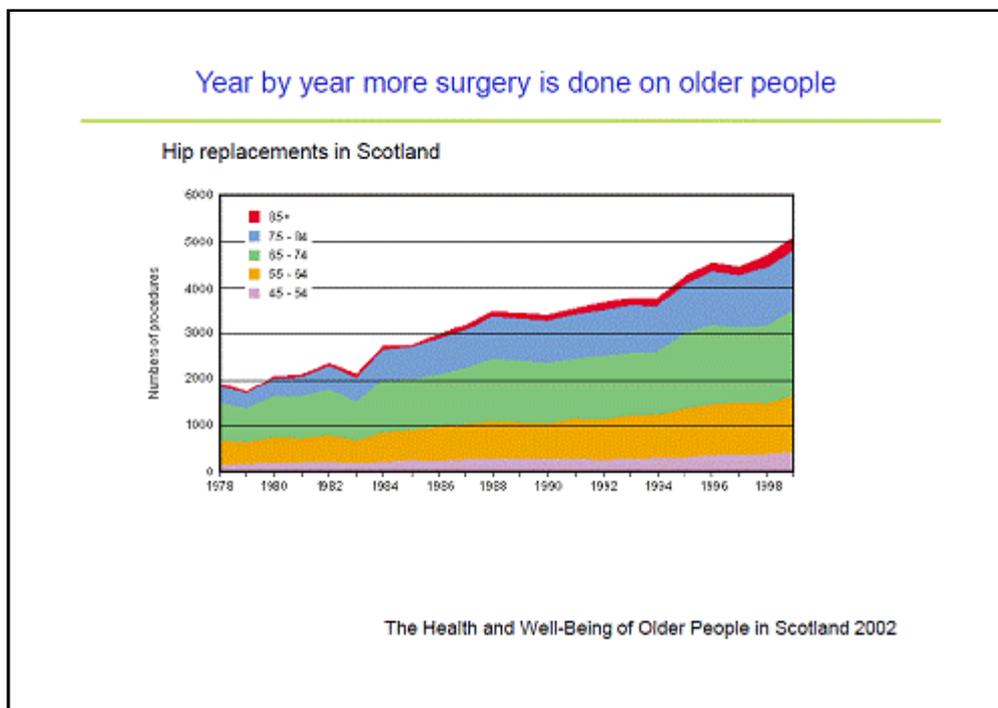


Figure 3

In general we do not have a lot of inappropriate hospital admissions, but we do have a lot of urgent care need. The health and care system is close to breaking point and some services are spectacularly bad. Far too often we look at a single condition not multiple ones. Care at home can be fantastic but we are close to the limit of what we can provide without costs spiralling.

An example of where things need to improve is dementia care. Thirty per cent of adults in hospital have dementia and seventy per cent of those in care homes. The recent television programme, *Can Gerry Robinson fix Dementia Care* illustrated new approaches to care, but also revealed some insuperable problems. There are things we can do to the hospital environment to make things better. But we need to move from mindset that they should not be here. A major problem is that general nurses do not know how to deal with dementia.

There are things we can do to tackle some of the spending pressures which are likely to come from health and care. At present we limit demand mainly by making the experience of hospital so unpleasant that people actively avoid health and care. Alternatives include user charges; different ways of delivering care such as minimally invasive or day surgery (although these are often quality improving rather than cost saving); tightening eligibility criteria; and limiting access via commissioning.

We must also invest in ageing research. Cancer and heart disease attract much more research funding than dementia.

We could probably be stricter in terms of drug approval. In many ways NICE is a pussy cat. The New Zealand equivalent rejects half of drugs put in front of it. But there is uproar by patient and professional groups when drugs are rejected on cost effectiveness grounds. The policy environment is complex, there are powerful patient and commercial interests, and as a result, drugs companies have benefited from a fair share of the extra NHS spending. The NICE approach is to measure drugs but drugs make up a small part of health and care. Some things cannot be measured well by randomised control trials. There is lots of value in healthcare that cannot be measured.

Unfortunately in practice the population does not want to pay and does not want rationing. The UK spends less than rest of EU on healthcare and our spend in this area is likely to continue to be forced up. The future of health is likely to be a fight between what we can do and what we can afford.

I am not gloomy about health technology or science but I am gloomy about prospect for delivery.

Martin Weale

I am going to move us from being gloomy to dismal.

It is a human condition to want things without paying for them. Public sector services are facing substantial challenges and an individual's capacity to pay for retirement is becoming more limited. Traditionally each cohort pays their own way through retirement. But that picture is changing.

Crisis and depression is likely to leave the UK with a national debt of one hundred per cent of GDP. It will be very hard to get debt back to forty per cent by 2030.

When the original state pension was introduced, not many pensioners actually benefited so the long term cost was not considered. Since then we have created the NHS under a similar premise and without thinking about long term sustainability.

The surge in the national deficit is likely to create two pressures. Firstly, the pressure to save for the next crisis, and secondly the need to finance the additional costs of old age.

We have an increasingly old population and people of working age are under considerable pressure to pay some of the costs of demographic change. Today's older population did not save enough for their retirement.

Increases in the State Pension Age will come sooner than currently expected. Perhaps 67 or 68 by the 2020s.

At the same time the pressure is on Government to ring fence spending. Ring fencing means other areas face bigger cuts.

In terms of the older population there has been no suggestion yet that their benefits will be squeezed. The state pension will be indexed to earnings, for example.

We are likely to need real cuts in spending followed by more or less no growth, in order to reduce the deficit. There are some major political choices about benefits that are likely to be made over the next few years. Over next 20 years, the tax share will need to increase to forty per cent of GDP (or benefits will need to be squeezed)

Government should have saved for the scenario we have found ourselves in. We should not be surprised by demographic change. Government has known for a long time we would be living longer.

Now Government needs to not only reduce the deficit but also to save for next crisis. If they do not do this the next financial crisis will be much more serious.

Questions/Issues Raised

Housing wealth

Housing is an important tool for the transfer of wealth. There may be role for equity release but we can only spend it once+.

Assisted suicide

Rowan Harwood argued that we do not need it and that professionals need protecting against the option. He argued that improved palliative care would also remove some of the pressure for assisted suicide.

Saving by older people

One audience member noted that older people should not be blamed for not saving. There is a class issue. Some people fell into saving through good occupational schemes whilst others were not given the option.

Wealth disparities

One audience member talked of the wealth of the richest 1,000 people increasing by 1% last year to about £77bn. They questioned whether the super rich should respond to the debt crisis.

Political leadership

One audience member questioned whether politicians can solve these long term problems in a five year timescale

Technology

One audience member agreed that there is an important role for technology. They also argued however that technology is all too often designed by younger people. One speaker argued that we probably need a regulatory approach to inclusive design. At the same time we need to help ensure the young become better aware of design ageing population. Another commented that we need to teach people to use technology. Just giving someone a computer is not good enough. Given that many older people are disabled we also need to move from systems of complexity to simplicity.

Dignity in hospitals

Concerns were expressed about dignity in hospital. There is a major role for design. Again too many hospitals are designed for the young. At the moment equipment immobilises people in bed. We are not applying the same standards in the public sector as we would expect from the private sector.

Older people as volunteers

The role of older people as volunteers emerged as an important issue.

Care economy

In the care economy, older people will be able to contribute interpersonal/emotional skills. A future care economy could be good for older people. Younger people are not always good at customer service. BT have successfully kept engineers in work to do telephone support, for example. They found that engineers who no longer wanted to be on the road liked the interpersonal aspect of their job and had the knowledge to provide better support to customers.

Land tax

Someone questioned whether there was a role for a land tax. People get super rich through owning property and gaining planning permission.

Debt

The average age of buying a house is currently 38. The next generation are likely to be paying their mortgages off later in life.

Retirement ages

There is a need for an end to fixed retirement ages and more flexible working in the future. We will see changing patterns of work and leisure in the future.



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