

BIS | Department for Business
Innovation & Skills

**ECONOMIC OPPORTUNITIES AND
CHALLENGES OF AGEING**

MAY 2011

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Introduction

In May 2010 the Government launched a discussion paper, *Is business ready for an ageing nation? Economic opportunities and challenges of ageing*.

Since then there has been a high level of engagement from stakeholders, including written responses and many discussions with officials. This culminated in a speech by David Willetts at the launch of the International Longevity Centre's research paper for AGE UK, [The Golden Economy \(PDF\)](#), in November 2010.

It's clear there are many initiatives in the public and private sector that are attempting to address the questions posed by demographic change.

We want to understand the issues and opportunities raised by an ageing population. We're interested in new thinking, and we want to hear your views.

Summary and conclusion

A wide range of individuals and organisations contributed views and evidence. These contributions painted a picture of a growing population of older people with an important part to play in the UK economy.

Two clear themes emerged from the responses to our discussion paper:

- A successful UK economy will in future depend on the skills and contributions of older people in the workforce
- Older consumers offer a significant and growing market for goods and services.

The number of people aged 65 and over in the UK is projected to increase from 16 per cent of the population in 2008 to 23 per cent in 2033¹, providing a growing share of demand in the UK and the rest of the developed world. How government and businesses respond to these trends will help determine how successfully our economy performs in the coming years and decades.

Many in government, business and civil society are already taking active steps to respond to these challenges. But there are barriers to overcome: ageism, stereotyping, and inflexibility. If not addressed, these obstacles could affect the UK's ability to capitalise on the economic opportunities presented by an ageing population. There is therefore plenty to do - by businesses as employers or through trade, and by government as a regulator and provider of services.

¹ [UN World Population prospects \(2008 revision\) \(PDF\)](#)

Issues raised during this project

Throughout the work on the economic opportunities presented by an ageing population, a number of themes emerged. These cut across the issues originally identified by the discussion paper.

A summary of our findings is set out below, and where appropriate some of the government policies designed to tackle barriers to progress are identified.

However, as recognised by many of the respondents, responsibility for action does not lie solely with government. Action is needed from business and wider society. At the same time, there are considerable opportunities for the private sector and civil society.

Overcoming stereotypes in the workplace

As the population ages the economy needs older people to continue in employment for longer. Respondents to the discussion highlighted potential benefits to individuals, such as financial and social inclusion. What's more, many older people do not wish to stop working altogether.

Various studies point to older people feeling discriminated against in the workplace. This was backed up by a number of respondents. Older workers are stereotyped: people imagine they are less able to learn new skills, more likely to take sick leave, or less flexible in their approach to work. The facts point to quite a different picture. Older people are remaining fitter and healthier for longer, and in most jobs in the modern workplace older workers remain as productive as younger workers until at least the age of 70².

However, the consequences of ageing, such as diminished eyesight, hearing and mobility, can mean some people need adjustments to working patterns or equipment to stay in employment. People may need to move to a less physically demanding role.

There can also be training needs as the work environment changes, for example where an industry has downsized or been replaced with another.

The role of enterprise

The [DWP Age Positive initiative](#) has been working in partnership with key business leaders in the main occupational sectors to drive forward sustained improvements in the employment, training and retention of older workers as part of a mixed-age workforce.

There is evidence of older workers making successful entrepreneurs. This may be through necessity, having been unable to find paid employment, or because they identify a good

² HSE An update of the literature on age and employment 2010

opportunity. In some respects, older people are well placed to be successful as entrepreneurs. They have skills and experience, and they may have capital to invest.

There is evidence, for example, that older people can be well placed to take up opportunities created by the move to direct payment for social care, where flexible hours are not only possible but preferable. This can be a crucial source of employment in deprived or rural areas, where there may be fewer job opportunities and demand for a broader range of care services.

Government recognises that, like everyone who starts their own business, older entrepreneurs need objective advice and support. In January 2011 BIS announced new measures that Government is delivering to support business growth which, as set out in, [Bigger, Better, Business \(PDF, 113 Kb\)](#) will include:

- Online business information and tools delivered through a transformed businesslink.gov.uk website
- A national contact centre to help businesses who cannot find the information they need online
- Help for start-ups, including the New Enterprise Allowance and a Startup Hub on businesslink.gov.uk
- A network of at least 40,000 experienced business mentors offering practical advice.

And in April 2011 the private sector launched [StartUp Britain](#) to create a marketplace online for a wide range of enterprise support.

The New Enterprise Allowance will help unemployed people who want to start their own business. It will be available to people who have been claiming Jobseeker's Allowance for six months or more and will provide access to business mentoring and offer financial support.

The Government is also supporting the development of local Enterprise Clubs. These will help people make the most of local knowledge and resources to support unemployed people who are interested in becoming self-employed or setting up their own business.

The [Coalition Agreement](#) announced that the right to request flexible working would be extended to all employees This will enable more people to shift to more suitable working patterns if they need to. And the abolition of the [Default Retirement Age](#) will mean that people are no longer forced to retire just because they have reached 65.

The Government is ensuring continued support for adult basic skills training and allowing greater flexibility for providers such as colleges to offer the courses that their local populations most need. The [All-Age Careers Service](#) will provide high quality, professional careers advice to young people and adults.

Overcoming social exclusion among older people

Social exclusion is damaging to society and individuals. Exclusion and isolation contribute to health problems. There are well understood benefits from remaining active, whether in or out of employment, and from enabling people to remain independent in their own homes. There are a number of opportunities to address exclusion and isolation. These include:

- Better use of technology
- Exploiting technology to support social networking
- Training and development
- Greater participation in employment
- Continuous learning.

Technologies that enable people to remain independent in their homes longer, such as telecare and telehealth, are being developed by the private sector, supported by the Technology Strategy Board's [Assisted Living Demonstrator Programme](#).

Four million older people are already online, and the government is committed to encouraging and supporting more older people to enjoy the benefits of internet use, through programmes such as the [digital inclusion programme for sheltered housing](#). Martha Lane Fox, the UK Digital Champion, is driving [Race Online 2012](#), which has recruited more than 1100 partners from public, private and charitable sectors to help millions more people get online by the end of the Olympic year.

Other organisations, public and private, are also playing a role, including Raceonline partner organisations such as the [BBC First Click](#) campaign and [Digital Unite's Spring Online and Silver Surfers Day](#), which has reached over 100,000 older people in its 10-year history.

Continuous learning can be extremely effective in tackling the negative effects of getting older. It can help to combat the deprivation, disability and isolation that often limit people's wellbeing. BIS is leading a major piece of collaborative work to reform and reinvigorate informal adult and community learning. The aim is to help build the Big Society, engage the most disadvantaged people in our society and create connections with other kinds of learning.

Tackling social exclusion is important because of the health, welfare and social benefits it creates. But it also makes commercial sense. Tackling these challenges creates demand for new products and services, opening up new markets for business.

Overcoming stereotypes in the marketplace for goods and services

Older consumers are as diverse in their needs and wants as the rest of the population. But there are some products and services that are more attractive to older consumers. Financial products related to retirement and social care needs, or everyday items designed to work better for people with reduced mobility are good examples. Inclusive design can be applied to all products and services, as well as digital inclusion.

On 3 March 2011, the Government launched a [consultation on proposed exceptions to the age discrimination ban in services, public functions and associations](#). This sets out those areas where Government believes that different treatment of people of various ages is justified.

It proposes how the legislation will be drafted to take account of these, for example by continuing to allow age-based concessions, such as shop discounts for pensioners.

For businesses there is an economic case for inclusive design. People over 50 account for 85 per cent² of national wealth and 40 per cent³ of UK annual consumer spending.

From easy-to-grip DIY tools to financial products designed to support retirement planning, there are an increasing number of case studies showing the profitability of considering inclusive design and the social benefits this increased access and utility provides. Older people are investing in well designed new technology too, with 20% of iPad sales to over 50 year olds. This market is increasing, with some estimating 81 per cent growth of the older market between 2005 and 2030 compared to only 7 per cent for 18-59 year olds⁴.

Michael Wolff, a well known age design expert has been appointed as the Government's Inclusive Design Champion. Working with DWP, Michael will promote the need for inclusive design in the design industry. He is also helping to put together a DWP-run programme to raise the profile of inclusive design and advocate its benefits for business and society.

The [Design Council](#) is also championing inclusive design, including through the [Independence Matters](#) programme, which looks at intergenerational learning and design.

³ [Family Spending: A report on the 2007 Expenditure and Food Survey, 2008 \(PDF\)](#)

⁴ [Patrick Dixon, Marketing to Older Consumers, interview for Marketeer, October 2008](#)

Studies such as [The Golden Economy \(PDF\)](#) provide evidence for the private sector on what consumers want. And schemes such as the Newcastle University's Ageing Matters programme are training businesses on how to target and design for older people.

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Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

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