

SOUTH EAST ENGLAND REGIONAL ASSEMBLY SELECT COMMITTEE ON SEEDA's APPROACH TO LABOUR FORCE AND EMPLOYMENT

Submission from: **Campaign to Protect Rural England-Hampshire Branch**

Date: **September 2008**

From Vice-Chairman: Hugh Sheppard

Response to Question 1

The RES and this Paper fail to adequately address the issue of Longer Working Lives as THE major contribution to growth of the Labour Force in the coming years.

The EiP panel for the South East Plan recognised this weakness in the draft SEP in responding thus in their Report to my invited appearance on behalf of CPRE:

"6.36 CPRE was the only party to challenge seriously these (the Regional Assembly's) labour supply assumptions. They considered that a higher labour supply would be forthcoming because of the effect of longer working lives, i.e. retired people coming back into the labour force and/or later retirement ages. They consider that this trend is consistent with the Turner pension review. Towards the end of the EiP, they provided evidence from ONS statistics to show that this trend was increasing. The Assembly claimed that they had captured some but probably not all of this effect through the use in their fourth round projection that was based on the most recent ONS economic activity projections (2004).

6.60 Nevertheless, we were persuaded by evidence submitted by CPRE SE that the effect of later retirement or retirees seeking to re-enter the labour market could have an influence on increasing labour supply.

1. With the ongoing economic downturn, failure of past pensions practice and implementation of the Pensions Bill, the rate of employment and re-employment of people after nominal retirement age has resulted in this being the fastest growing sector of the workforce under ONS and NOMIS data.
2. These changes are so recent as to mean that historic data is provides minimal guidance to a revolution in working practice. Today, there is growing recognition that the length of working lives needs to increase in a commensurate way with greater longevity. Yet almost all data used by the standard agencies for their projections is pre-2004, or at the latest 2006.
3. The work of Lord Turner in this field is largely unchallenged; almost single-handed he wrenched the report of the recent Select Committee of the House of Lords' Report into Immigration into recognising that change is upon us and past practice is no guide to future performance. Even Government's own submission to the Committee still used the retirement age of 65 for men and 60 for women as its baseline, referring only to later State Retirement Age in a footnote.
4. A moment's thought will serve to illustrate this impact. The length of working lives has fallen historically since the war, but this stalled around 2004 and is now increasing. If a full 40 year working life increases incrementally by only 4 months per person p.a., in ten years that will represent more than 3 years more time spent in work per person, or 8.33% more potential output from the same workforce. (In reality, working lives are currently extending by more than 1 year per person, although this is not a sustainable trend.)
5. It is entirely reasonable to assume an indigenous labour-force growth rate as above for the life of the South East Plan, ie. over 20% more over the period. So far as I can tell very little of this 'smart growth' has been factored into the South East Plan or the RES or supporting papers.