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# What about the workers?



In his column **Professor Frank Peck** of the University of Cumbria's Centre for Regional Economic Development explains the latest economic data.

This month: the future of employment and skills in Cumbria

If latest projections come to fruition, the long-term future for jobs in Cumbria looks bright. The most recent analysis has been published by Cumbria Local Enterprise Partnership (the Skills Investment Plan for Cumbria). This document makes very interesting reading. There are plans in key sectors that are likely to create significant employment opportunities in the county over the next five to 10 years.

In the nuclear industry, plans for decommissioning are expected to secure the future of 10,000 workers currently employed at Sellafield and as more decommissioning activity becomes operational, it is expected that jobs will expand in number in the supply chain. The prospect of nuclear new build at Moorside could sustain further additional employment for another 1,000 people. In Barrow, anticipated work on the successor nuclear submarine programme is also set to grow by an estimated 800 jobs. All told, it is suggested that the plans for the nuclear sector alone could create 7,300 new jobs.

Employment growth does not stop with the nuclear industry. The county has already witnessed new investment in its manufacturing base particularly in the south of the county at the facilities operated by GlaxoSmithKline and also at Siemens subsea technologies.

Meanwhile, the north of the county may benefit from employment opportunities associated with planned investment in North West coast power connections to the National Grid. In total, these, and other, non-nuclear job opportunities are expected to generate in the order of 6,500 new jobs between 2016 and 2021. All this good news is hard to contemplate. New jobs in nuclear and other sectors could generate well over 13,000 new jobs across the county.

But there is a dilemma in this good news. Cumbria's population is "ageing" and as a consequence, retirements combined with continued out-migration is diminishing labour supply. It seems that there is quite a challenge simply to replace workers who retire or depart. It is estimated that this so-called "replacement demand" could amount to the need for 66,500 workers in Cumbria. The "working-age population" (WAP - aged 16-64) has, in fact, been diminishing in recent years in absolute terms. Between 2001 and 2014, the WAP dropped by 1% compared to significant growth in the North West (+5%) and across England as

**'Where will the workers come from to meet replacement demand as well as fill anticipated new jobs in the key sectors?'**

a whole (+9%). Projections are precarious, but official estimates from the Office of National Statistics suggest that on present trends, WAP in Cumbria could drop by a further 6% between 2016 and 2026. So, what about the workers? Where will the workers come from to meet replacement demand as well as fill anticipated new jobs in the key sectors?

It is also not just about numbers. There are many more complexities associated with this dilemma related to skills and skills matching to employment opportunities. Experience shows that "tight" local labour markets face many issues. Excess labour demand generally intensifies existing skills shortages, creates churn in the labour market and can generate disincentives for individual employers to invest in training. This is why the county needs a Skills Investment Plan to meet what is recognised as a major challenge for labour supply.

The skills plan points to many of the ingredients that would be required to meet this challenge such as investing in the next generation of workers coming through our schools, encouraging more people to enter the labour market, increased investment in apprenticeships and investing in high level skills for the local economy. All these will undoubtedly increase the chances that local people will benefit from the job growth.

But meeting projected demand will almost inevitably require labour migration to Cumbria. In this regard, the Skills Plan poignantly recognises that meeting this challenge will require much more than a skills plan. It will require concerted effort from a wide range of institutions to enhance the image of Cumbria as a place to live and work, improve housing, schools, transport, connectivity and local cultural and leisure facilities to encourage new workers to come.... and want to stay.

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WORKING AGE POPULATION BY DISTRICT	2001	2014	CHANGE
CARLISLE	63,770	67,615	+6%
SOUTH LAKELAND	63,148	60,143	-5%
ALLERDALE	58,856	58,447	-1%
COPELAND	44,222	43,477	-2%
BARROW-IN-FURNESS	44,949	41,763	-7%
EDEN	31,495	31,567	+/-0%
CUMBRIA	306,440	303,012	-1%
NORTH WEST	4,297,158	4,509,760	+5%
ENGLAND (INC LONDON)	31,705,826	34,475,354	+9%

Source: ONS data reported in "Skills and Employment in Cumbria: Evidence-base" York Consulting, February 2016, p. 14