

Developing the HS2 Skills and Employment Strategy

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Approach

- **Literature Review:** 70+ papers reviewed, including approaches
- **Analysis of projected job datasets:** Including Experian data, Cambridge Econometrics, plus other local reports and strategies shared by interviewees
- **Electronic Survey:** 149 responses
- **Focus Groups:** 12 focus groups held, targeting business by sector and/or geography
- **1-2-1 interviews:** Over 30 held including HS2, National High Speed College, local authorities and training providers
- **Iterative feedback session to 'road test' emerging recommendations**

Current labour market

- **3.2m** people across D2N2 and LLEP. **1.6m** economically active. Current unemployment rate of approx. **3.9%** (nationally 4.3%) – large local variations
- Less Managers, Directors and Professionals (Occupational Groups 1-3) in both LEP areas than the national average
- More representation in 'elementary operations' (**12.6%** vs **10.7%** UK) and 'process plant and machine operatives' (**8.7%** vs **6.4%** UK)
- Manufacturing accounts for nearly **14%** of employment in both LEP areas, against **8%** nationally.

Qualifications (Jan 2016-Dec 2016)					
	LLEP	D2N2	East Mids	Great Britain	
Individual Levels					
NVQ4 And Above	31.6	32.0	31.3	38.2	
NVQ3 And Above	54.9	53.4	52.8	56.9	
NVQ2 And Above	72.3	73.3	72.4	74.3	
NVQ1 And Above	84.4	85.6	85.0	85.3	
Other Qualifications	8.7	6.2	7.5	6.6	
No Qualifications	6.9	8.1	7.5	8.0	

Current labour market (cont)



- Significant skills shortages already being reported, amid attempts to grow:
 - In Q1 2017 **63%** of Chamber members attempted to recruit, **58%** reported difficulties in doing so.
- *UKCES Skills survey 2015* identified businesses with skill gaps in the following roles in D2N2/LLEP:
 - High skill: 35% D2N2; 33% LLEP; 36% national
 - **Middle skill: 36% D2N2; 44% LLEP; 32% national**
 - Service intensive: 16% D2N2; 8% LLEP; 17% national
 - **Labour intensive: 20% D2N2; 22% LLEP; 17% national**
- Historical underinvestment in training. In Q1 2017 **34%** were increasing their investment in training intentions, up from **25%** and **19%** in preceding quarters
- Particularly acute in construction, manufacturing and other key local sectors

Scale of the opportunity

Headline growth sectors: baseline to mid 2020's

"The combination of expansion and labour replacement will leave the EM region needing 1m new workers by 2024, compared with 2014...much of this will require higher level qualifications for Professional, Managerial and Associate Professional occupations."

UKCES

Common areas for growth identified by Experian/UKCES/Cambridge Econometrics include:

- Construction - Manufacture and repair - Computing and information services - Residential Care and Social Work - Real Estate - Air transport – Media – Arts - Professional services

Common areas of decline:

- Extraction and mining - Forestry and fishing – Agriculture - Some types of manufacturing

Impact of HS2

Numbers range from an HS2 effect in the combined East Midlands LEP areas of **33,000** jobs and **£2.52bn** between 2014 and 2042; to a **'maximising opportunities'** HS2 effect of an additional **91,000** jobs and **£5.4bn**.

Sector	Job growth	Sector	Job Growth
Education	16,700	Real Estate	2,600
Construction	13,400		
Other services	6,600	Finance & Ins	2,500
Food & Beverage	5,700	Media	1,100
Warehousing & Postal	4,700	Legal & Acc.	1,100
Wholesale Trade	4,400	Land Transp.	1000
IT Services	4,200	Head offices & Mgt Consultancies	700
Retail Trade	4,100	Architectural & Eng.	700
Other Prof. Services	3,700		

Immediate needs of HS2

Albion economics estimate that Phase 1 construction from London to Midlands will require a labour force of **65,000 job years**, mainly between 2017-2022, equating to circa **10,000 jobs** in any one year.

These roles are primarily in: design; project management; civil engineering construction; and specialist railway engineering.

Likely skills gaps in:

- Train control systems/design engineers and technicians (**780** specialists required)
- Overhead line design engineers and technicians (**500** specialists required)
- Track design engineers (**100** specialists required)
- Rolling stock (two peaks of **5,000** and **9,800** specialists)

Some caveats...

- Variety of estimates of HS2 economic impacts are available - these are indicative only. Some of these have been widely criticised as overly optimistic (e.g. KPMG), or have made very broad assumptions in terms of capturing growth
- Neither employers or skills providers are likely to invest based solely on these projections – key findings of research!
- These figures should be used to illustrate the potential scale of the opportunity to mobilise interest and activity, rather than be adopted wholesale as a planning assumption
- **Actual jobs created will depend on a series of determinants, therefore, strategies are needed to influence these (e.g. lobbying for Staveley Depot to be construction as well as maintenance)**

What the strategy needs to achieve

- **Immediate action plan to raise awareness and realise current opportunities**
- **Need to offer a framework to shape and inform other activity:** an approach that can be incorporated through and/or cited by other strategies as opposed to layered on top of
- **Must have flexibility and geographic sensitivity built into it:** needs to be responsive and play to local strengths
- **Must have clear segmentation:** by time, theme, responsibility
- **Must be jointly owned by stakeholders:** it can't exist in a bubble and must be readily accessible to all related activities

To provide a strategic framework for harnessing HS2 in the East Midlands to deliver inclusive and sustainable growth across our businesses and communities

- **Theme 1: Inspiring Young People**

To develop a programme of engagement covering the entirety of a young person's education, transitioning through inspiration to aspiration to realisation

- **Theme 2: Building FE Capability**

To develop greater responsiveness within the FE sector, supporting collaboration, flexibility and agility across East Midlands providers

- **Theme 3: Harnessing the Power of our Universities**

Maximising the potential of our HE strengths to provide leadership throughout the delivery of HS2 and build upon regional specialities

- **Theme 4: Support for Individuals**

Delivering inclusive growth by providing opportunities to strengthen local communities and support those furthest from the labour market

- **Theme 5: Ensuring Business Readiness**

Delivering inclusive growth by providing opportunities to strengthen local communities and support those furthest from the labour market

Emerging Recommendations -

Theme 1: Inspiring Young People



To develop a programme of engagement covering the entirety of a young person's education, transitioning through inspiration to aspiration to realisation

- Devise and deliver 'Project 2033', comprising curriculum enrichment activity from 5-16 years age, to include:
 - Series of curriculum based projects enabling pupils to build on previous work and encompassing existing rail related outreach activities by e.g. HS2, RFEM and NSAR work.
 - Quality work experience with sponsored travel for y10s and 11s among the regional Tier 1 and Tier 2 suppliers with a 'girls only' strand (linked to above projects)
 - A programme of teacher placements into Tier 1 and Tier 2 suppliers
- Deliver 1 or 2 'major' / 'big ticket' events for Year of Engineering 2018 (see theme 4)
- Work through existing LEP Skills Boards to upskill careers advisors with HS2 knowledge and links / engagement with Careers and Enterprise Coordinators
- Integrate a single D2N2/LLEP employability framework across all partners so that all schools and employers are working within the same framework

Emerging Recommendations

Theme 2: Building FE Capability



To develop greater responsiveness within the FE sector, supporting collaboration, flexibility and agility across East Midlands providers

- Continue the theme of embedded curriculum based projects throughout relevant FE programmes
- Support FE collaboration to develop an Institute of Technology aligned to Professional Construction and BIM incorporating HS2 related projects
- Ensure HS2 opportunities are proactively discussed/identified and monitored via the FE Principal's meeting – should report on actions to the HS2 Strategic Board
- Develop and trial a model for a group apprenticeship scheme (or similar) to ensure that the supply chain are compliant with HS2/public procurement and to develop a pool of skilled people for the industry. Could include rail engineering, IT, project management, electrical engineering etc.
- Ring-fence future Local Growth Fund funding streams for capital STEM learning investment and identify opportunities to support FE lecturers development including placements and information sessions
- Broker relationships between specific/strategically positioned regional colleges and NCHSR

Emerging Recommendations - Theme 3: Harnessing the Power of our Universities



Maximising the potential of our HE strengths to provide leadership throughout the delivery of HS2 and build upon regional specialities

- Develop relevant projects for undergraduate students that build on previous curriculum projects
- Establish a regional 'heads of HE' group to share plans and activities and to agree a co-ordinated approach (including FE, HE leaders). The group should report on actions being taken to the HS2 Strategic Board
- The above should include a strategy on how the HE sector regionally will engage with and maximise potential for engagement with the planned Centres of Rail Excellence, the new Department of High Speed Rail at Leeds University and the NCHSR e.g. to develop a proposition for a science park at Toton
- Work with our universities' careers services to maximise retention of graduates within the region after graduation

Emerging Recommendations -

Theme 4: Support for Individuals



Delivering inclusive growth by providing opportunities to strengthen local communities and support those furthest from the labour market

- Deliver a region-wide HS2 promotion campaign to ensure that everyone is aware of opportunities and excited to get involved as individuals, parents, employers or employees. Launch in 2018 as part of Year of Engineering with a plan to build on this over following 3 years
- Work with suppliers and contractors to build in local labour requirements to procurement contracts
- Link with existing projects that help disadvantaged groups in the labour market to train with a job interview guarantee or equivalent
- Shape future employment funding to be focused on ensuring work readiness for HS2-related opportunities amongst those groups furthest from the job market, including past-offenders

Emerging Recommendations - Theme

5: Ensuring Business Readiness



Giving our businesses the tools to benefit from HS2 and enhance their competitiveness to win opportunities

- Make use of any European funding underspend to support supply-chain collaboration and management/leadership activity
- Provide 'one stop shop' web information of HS2 contract opportunities – potential use of LEPs Growth Hubs as communication conduits
- Run a regional “Are you HS2 Ready?” campaign aimed at businesses. This should start now for those that could benefit from direct contracts evolving into broader opportunities as the time of the line opening draws nearer, to include a series of meet the buyer events
- Ensure connectivity between regional and sub-regional skills and employment plans to make it simple for business
- Connect business with apprenticeship developers to maximise use of levy

3 immediate challenges

Challenge: To ensure that a responsibility exists for delivery – joint ownership of the strategy is essential.

Potential approach: To have an oversight body, with participation from all stakeholders – including young people – charged with owning and overseeing implementation of Strategy.

Challenge: To ensure strategy can be responsive to changing circumstances and emerging opportunities

Potential approach: Beyond recognising immediate opportunities, to provide a framework of approaches and principles to guide future activity.

Challenge: To secure wider buy-in for strategy from all those that stand to benefit

Potential approach: To deliver a public awareness campaign for the strategy, branded by what HS2 will enable as opposed to what HS2 is.

Next Steps

- Incorporate feedback from today's meeting
- Finalisation of recommendations with further stakeholder and steering group feedback
- Development of action plan for realising immediate opportunities, with indicative costings/sources of funding where possible
- Creation of action matrix, highlighting work needed under each theme during different phases of HS2 (here and now/during construction/post-construction)
- Build in option for ongoing governance process to treat as iterative strategy
- Strategy ready for end of June inclusion into wider HS2 Growth Strategy