



# Economy Overview February 2025

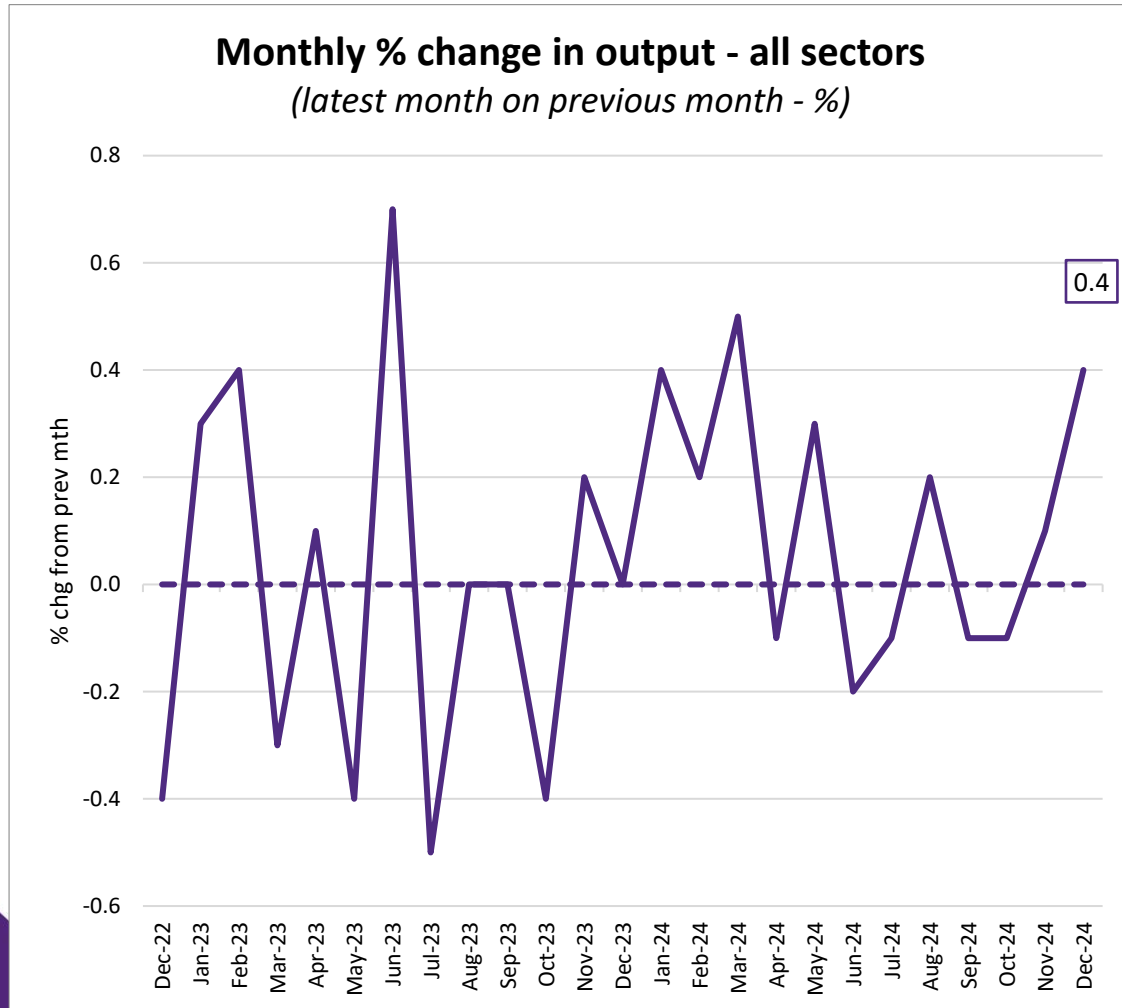
Prepared by Ginny Murphy  
*Cumberland Council*



# The National Economy

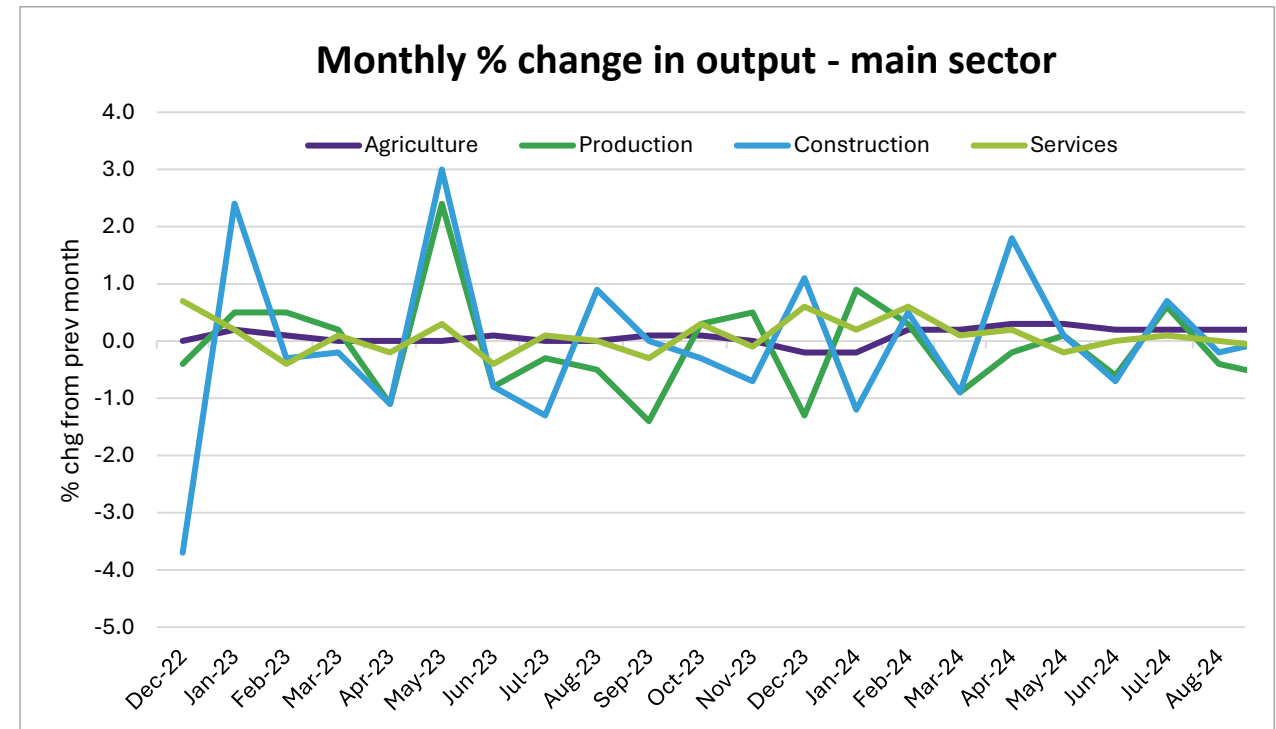


# The UK economy – economic output



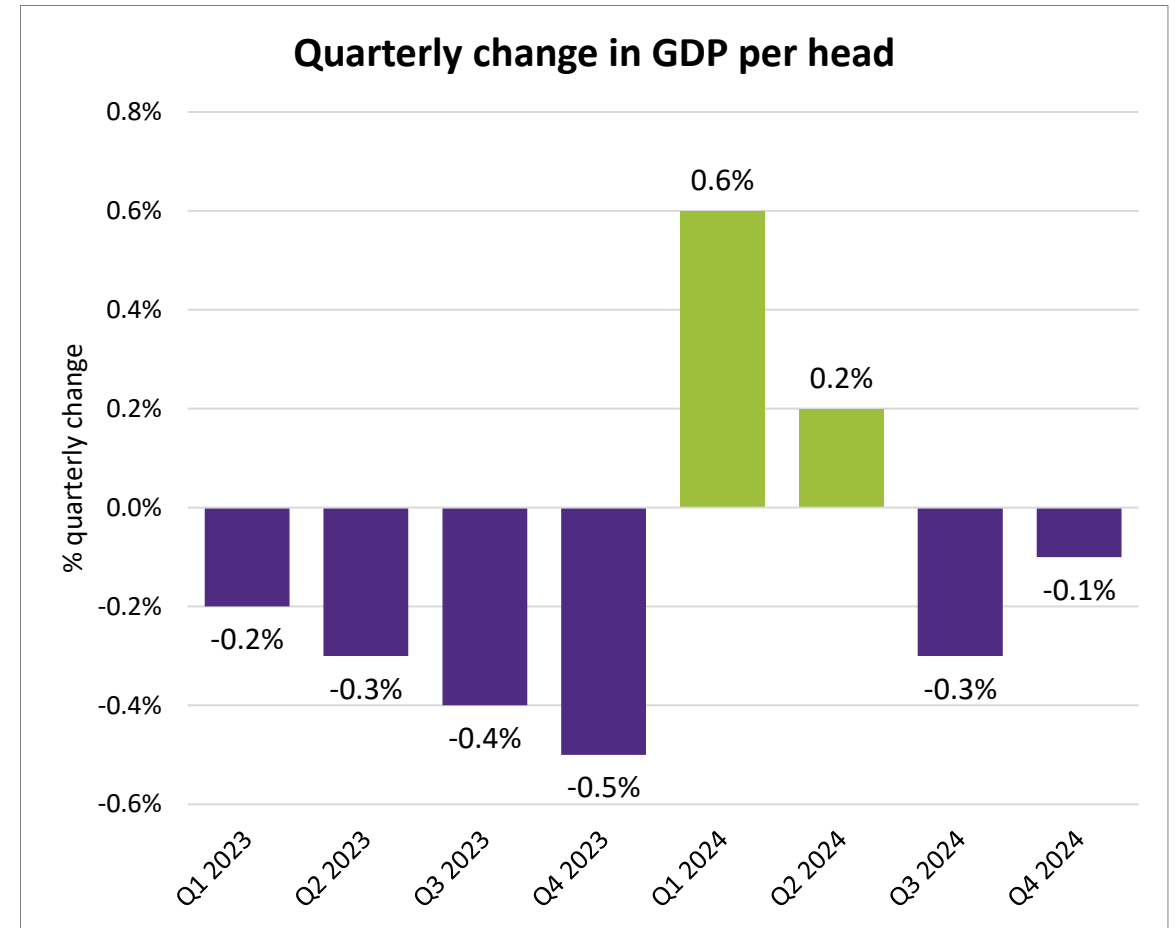
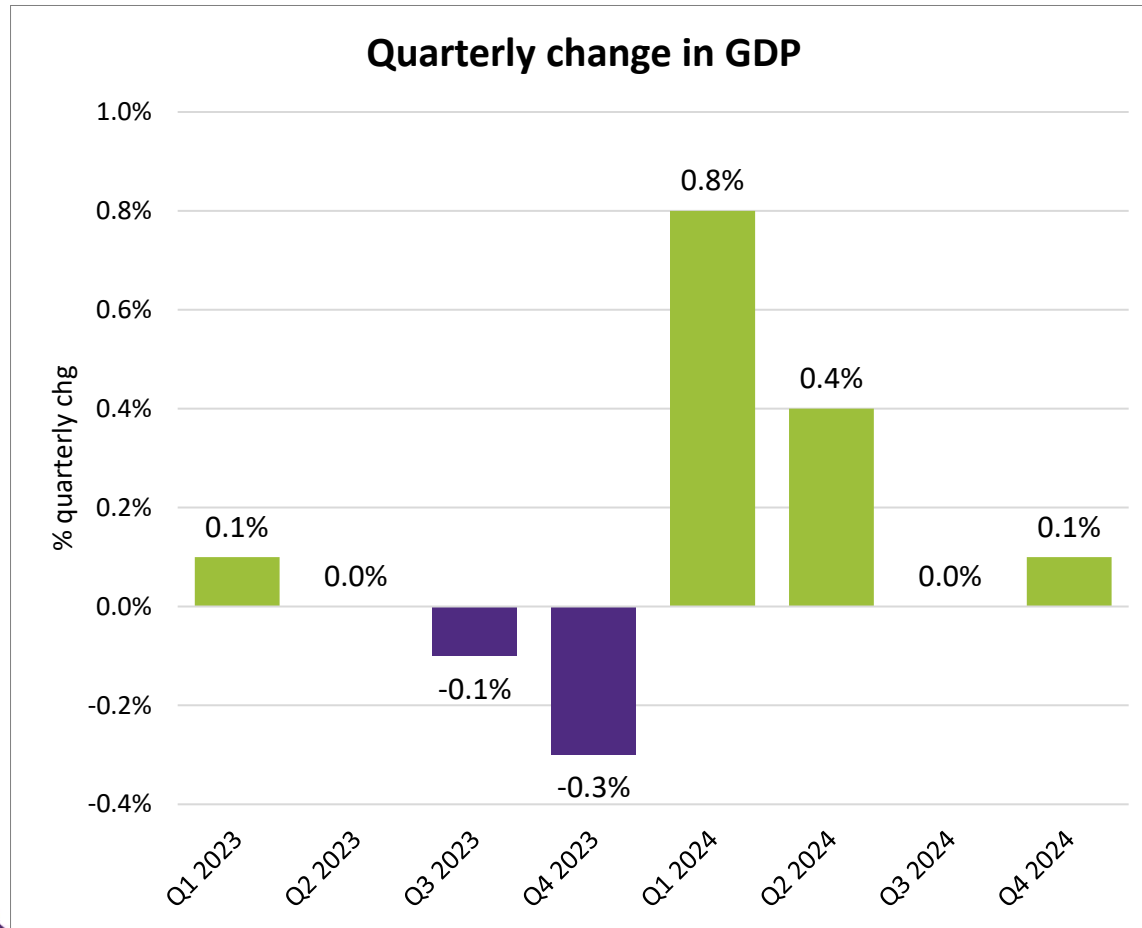
Source: ONS Monthly GDP, Feb 2025 release

- Monthly output increased by 0.4% in December and by 0.1% over the quarter (Oct-Dec).
- Services output rose by 0.4% (0.2% over the quarter).
- Production output rose by 0.5% (-0.8% over the quarter).
- Construction output fell by -0.2% (+0.5% over the quarter).



Source: ONS Monthly GDP, Feb 2025 release

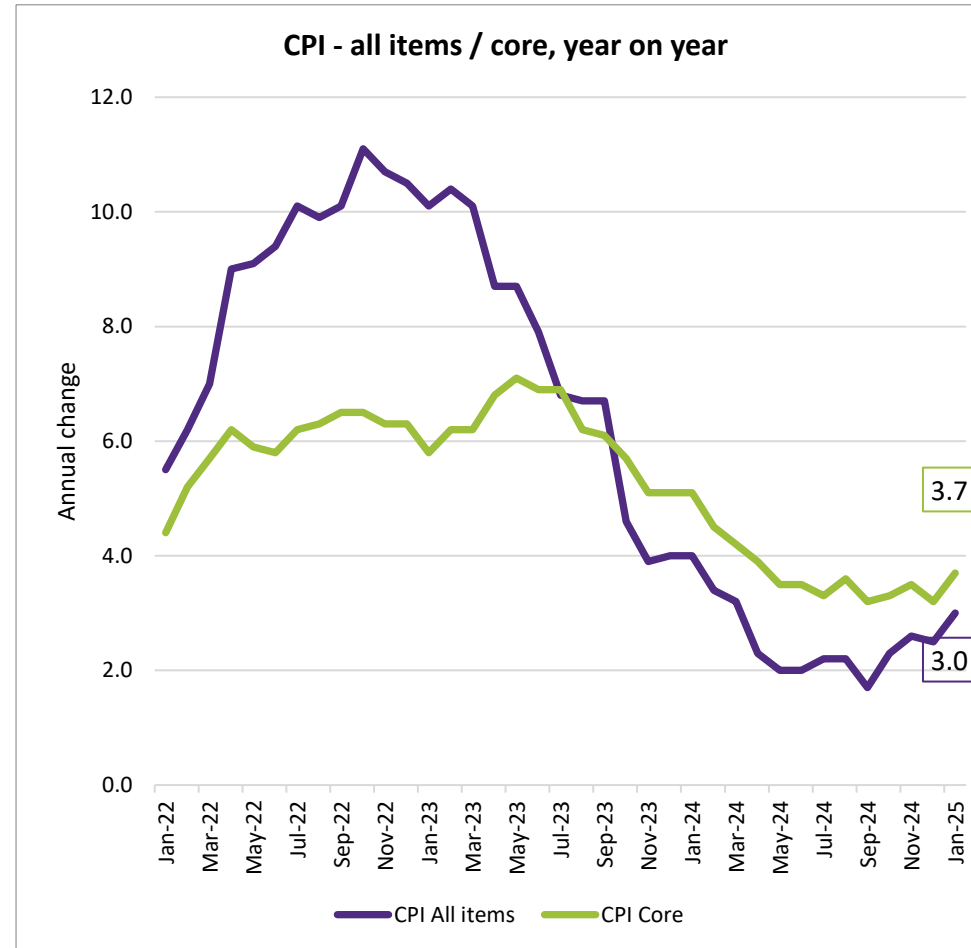
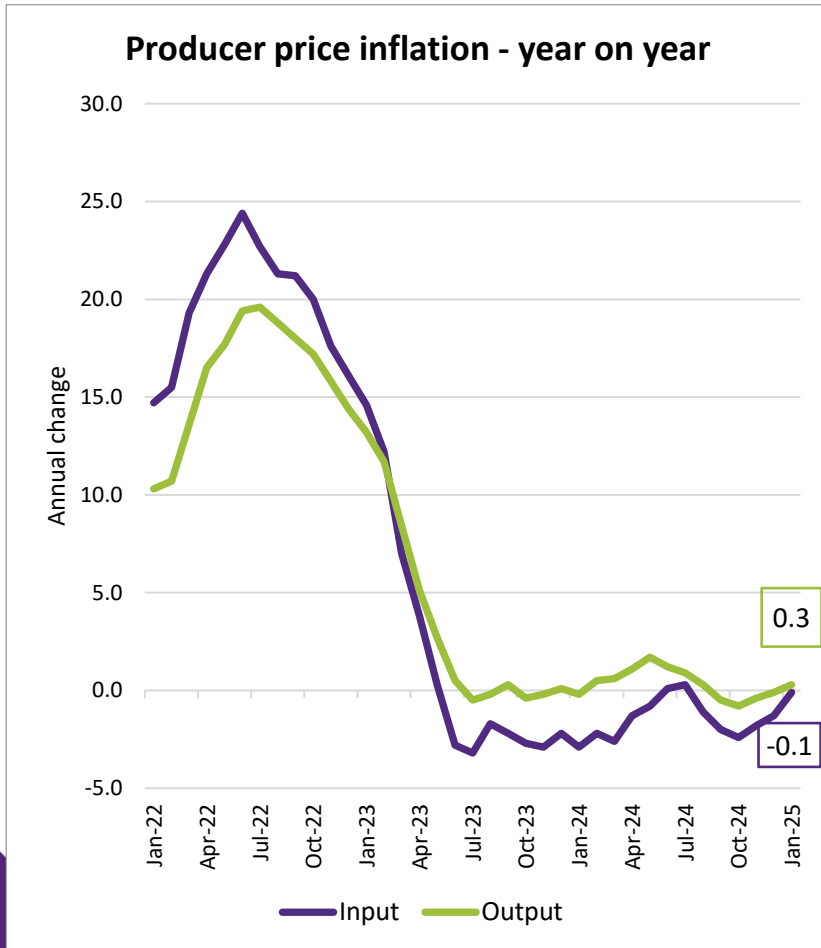
# The UK economy – economic output (quarterly)



Source: ONS Quarterly GDP, Feb 2025 release



# The UK economy – inflation

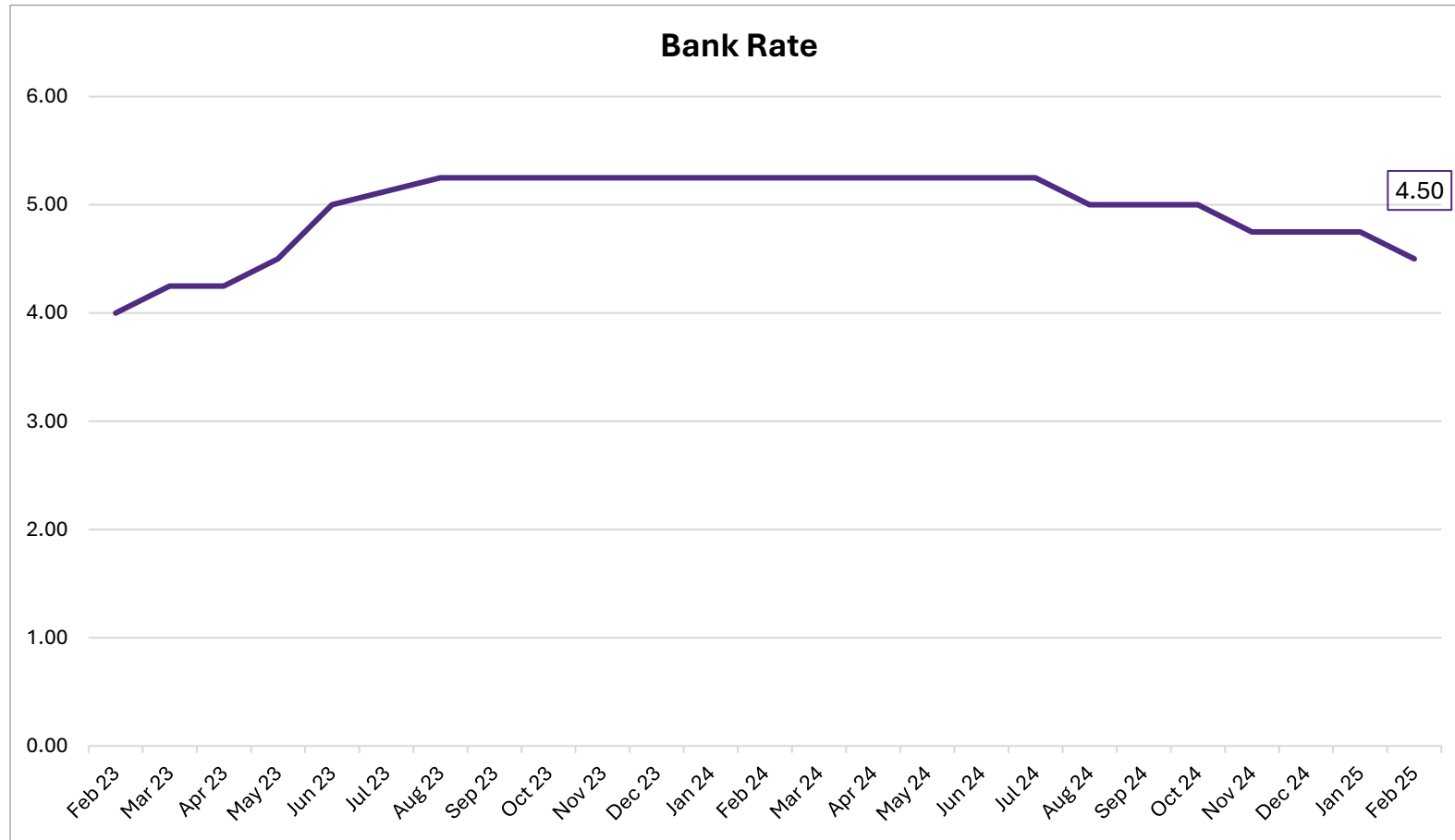


- Input prices fell by -0.1% in the year to Jan whilst output prices rose by 0.3%.
- Consumer inflation was 3.0% in Jan, up from 2.5% in Dec.
- The largest downward contributions came from restaurants & hotels and the largest upward contribution came from transport.
- Core CPI (excluding energy, food, alcohol & tobacco) rose by 3.7% in Jan, up from 3.2% in Dec.

Source: ONS Monthly inflation, Feb 2025 release



# The UK economy – Bank Rate

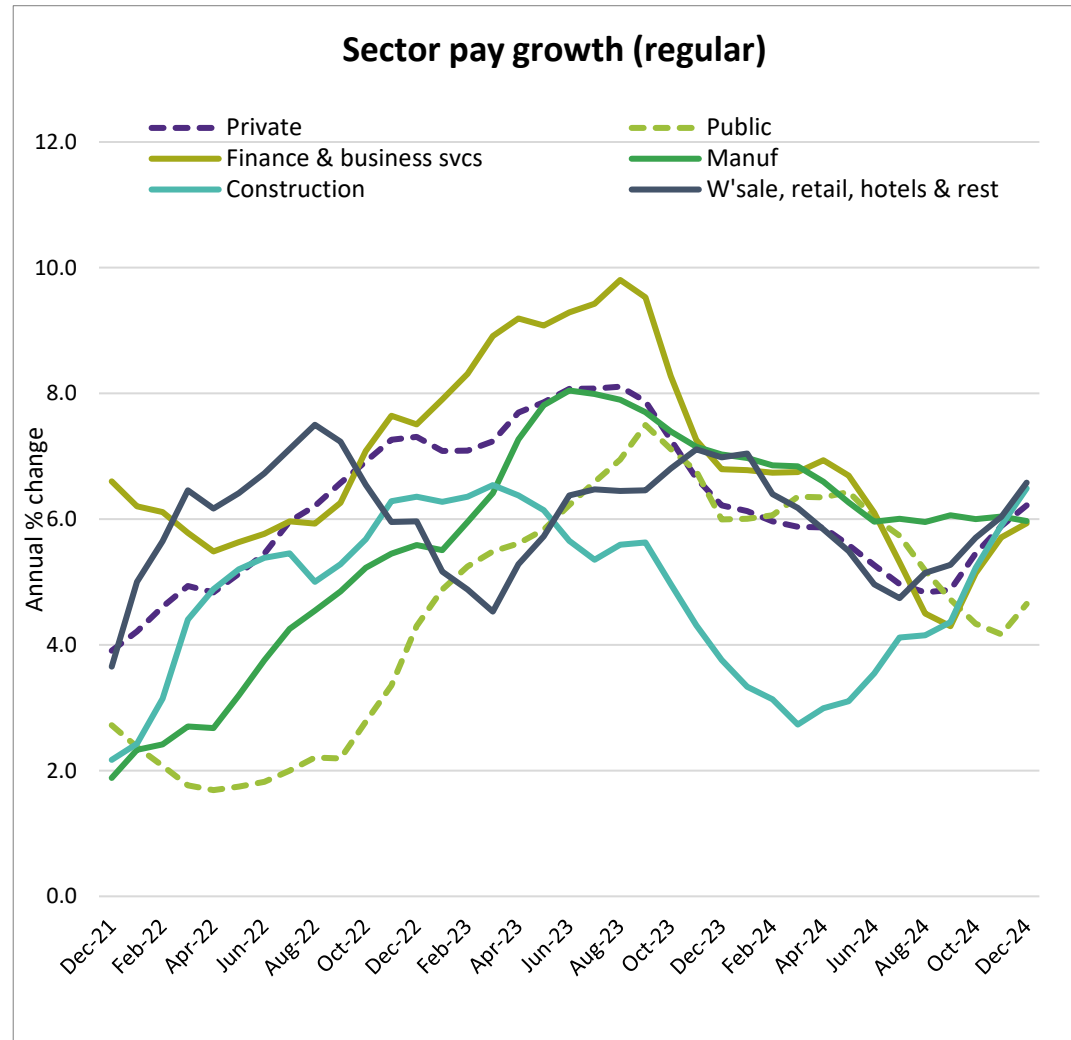
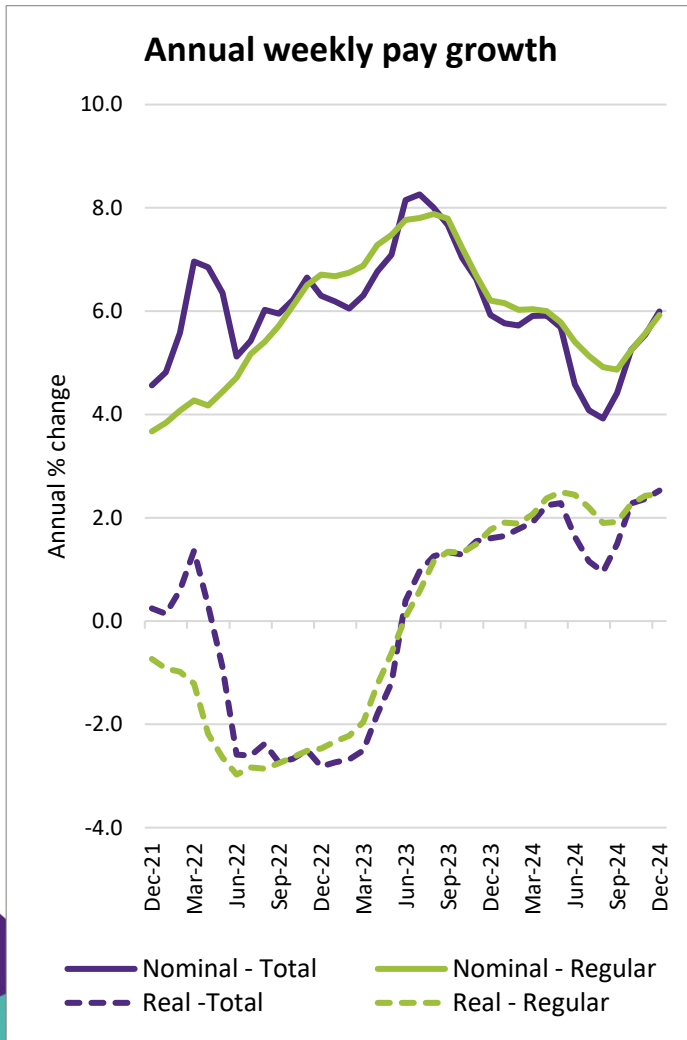


- At their meeting on 6<sup>th</sup> February, the Bank of England cut interest rates by 0.25 to 4.5%.
- The Bank expects the downward path for interest rates to continue but would not commit to when, or by how much, rates will be cut in 2025.

Source: Bank of England, Feb 2025



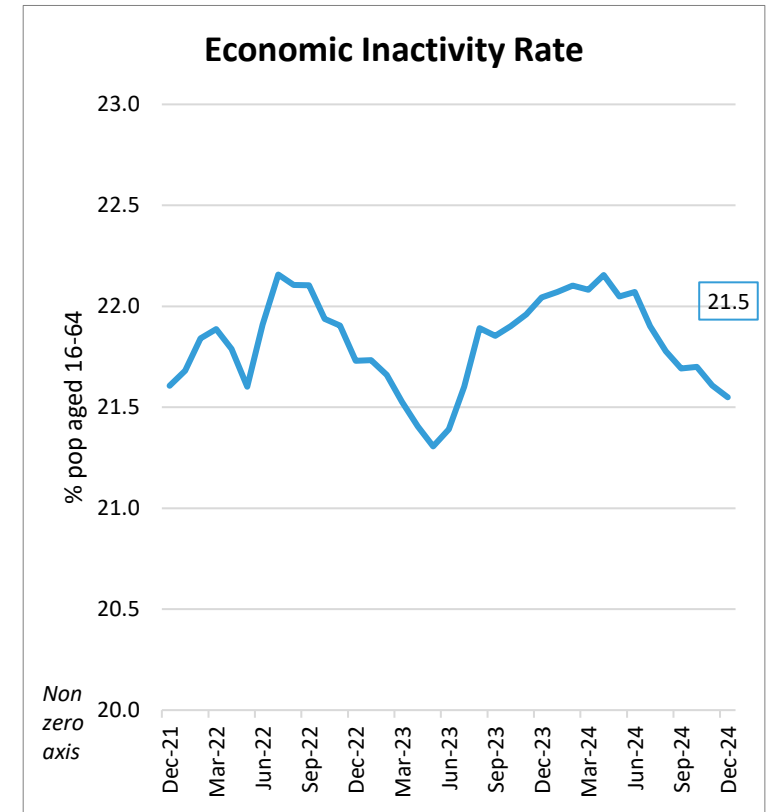
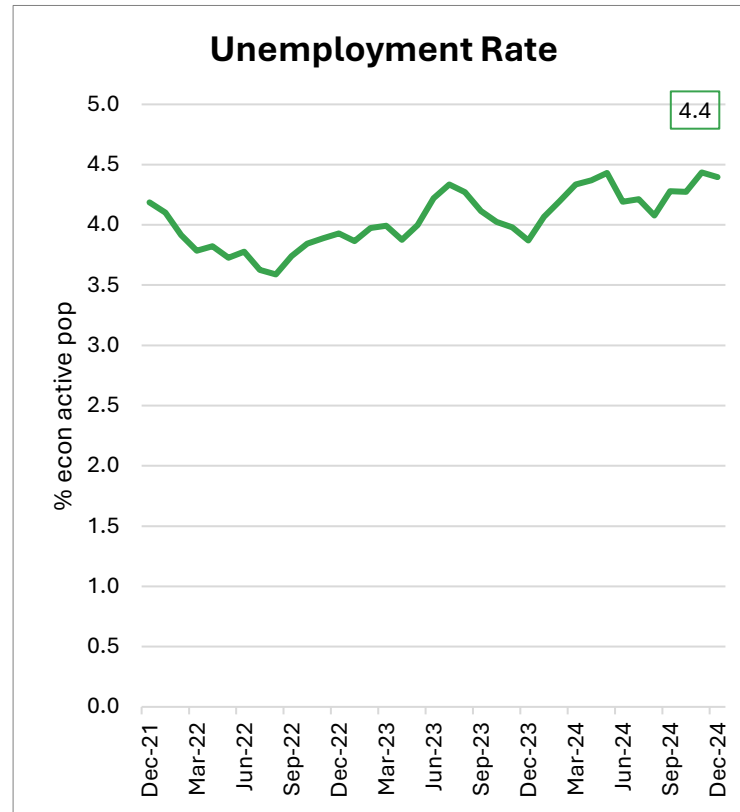
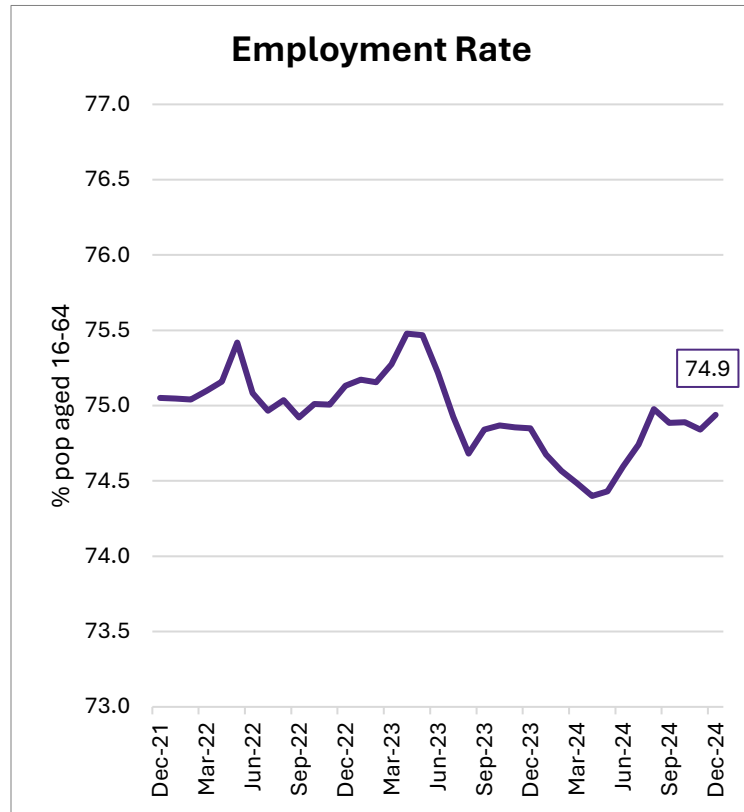
# The UK economy – pay growth



- Regular pay growth (exc bonuses) was 5.9% in Dec and total pay growth (inc bonuses) was 6.0%.
- When adjusted for inflation, regular pay and total pay both rose by 2.5%.
- Private sector pay growth was 6.2% and public sector pay growth was 4.7%.
- Wholesale, retail, hotels & restaurants had the highest pay growth at 6.6%, followed by construction at 6.5%, manufacturing at 6% and finance & business services at 5.9%.

Source: ONS Average Weekly Earnings, Feb 2025 release

# The UK economy – labour market



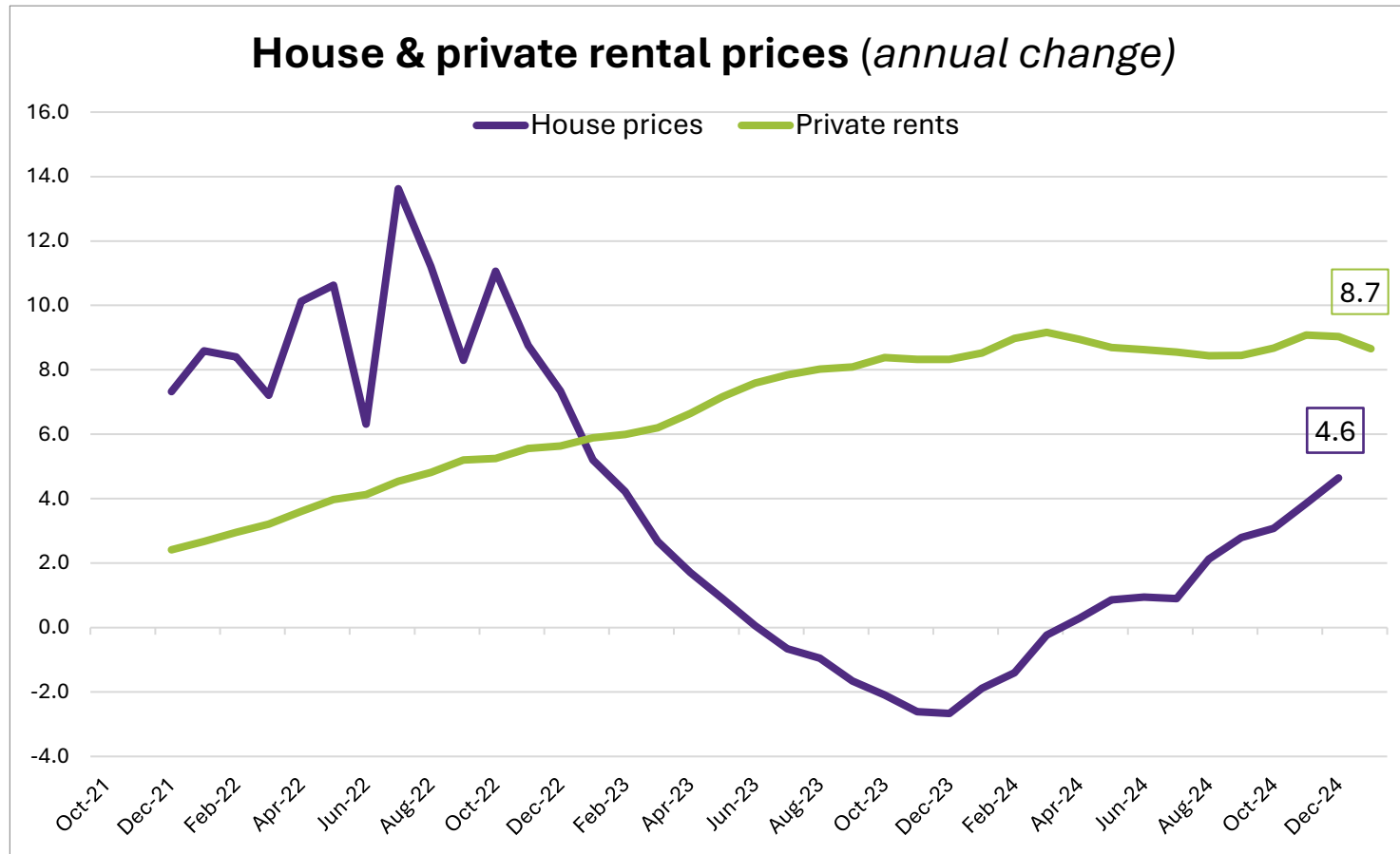
- The employment rate increased by 0.1ppt to 74.8% in the quarter to Nov 2024 and is also 0.1ppt up on a year ago.
- The unemployment rate was up 0.1ppt at 4.4% and is 0.5ppt higher than a year ago.
- The economic inactivity rate was down by 0.1ppt to 21.5%, 0.5ppt lower than a year ago.

Source: ONS UK Labour Market, Feb 2025 release





# The UK economy – house & rental prices



- Average house prices increased by 4.6 % in the 12 months to Dec 2024, up from 3.9% the previous month. The average price was £268,087
- Average UK rents increased by 8.7% in the 12 months to Jan 2025, down from the record high of 9.2% in March last year. The average rent was £1,375 per month.

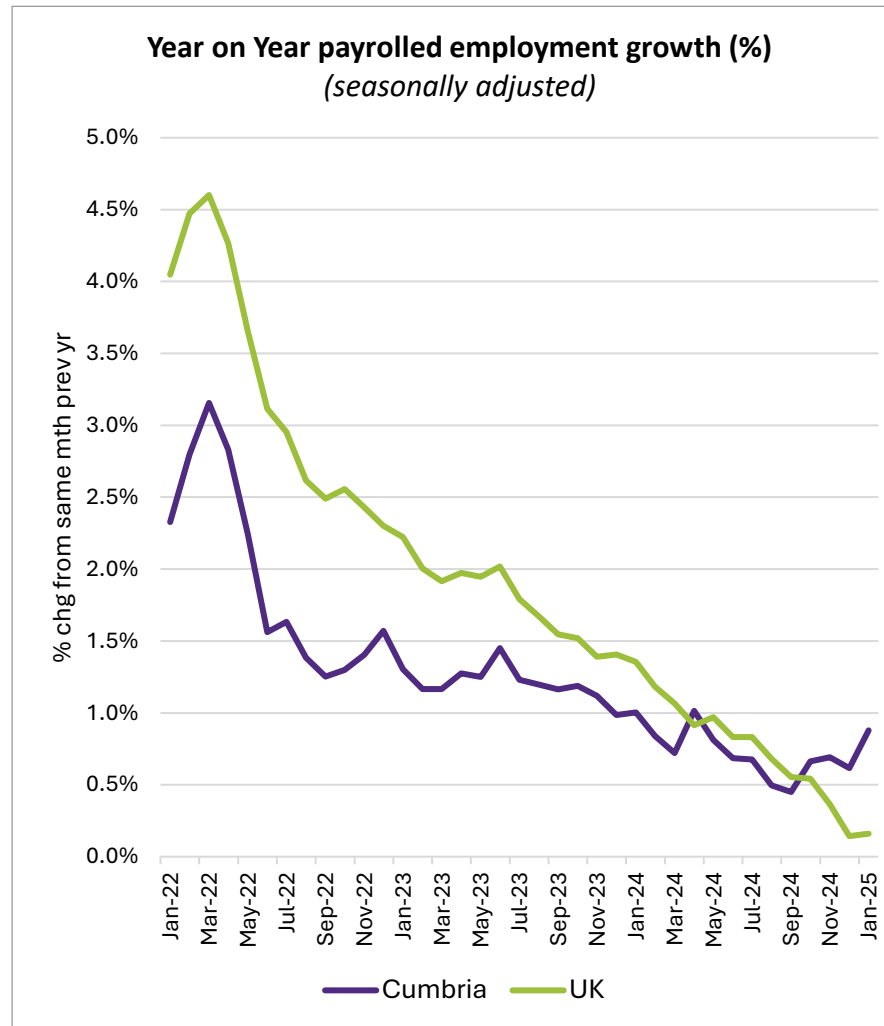
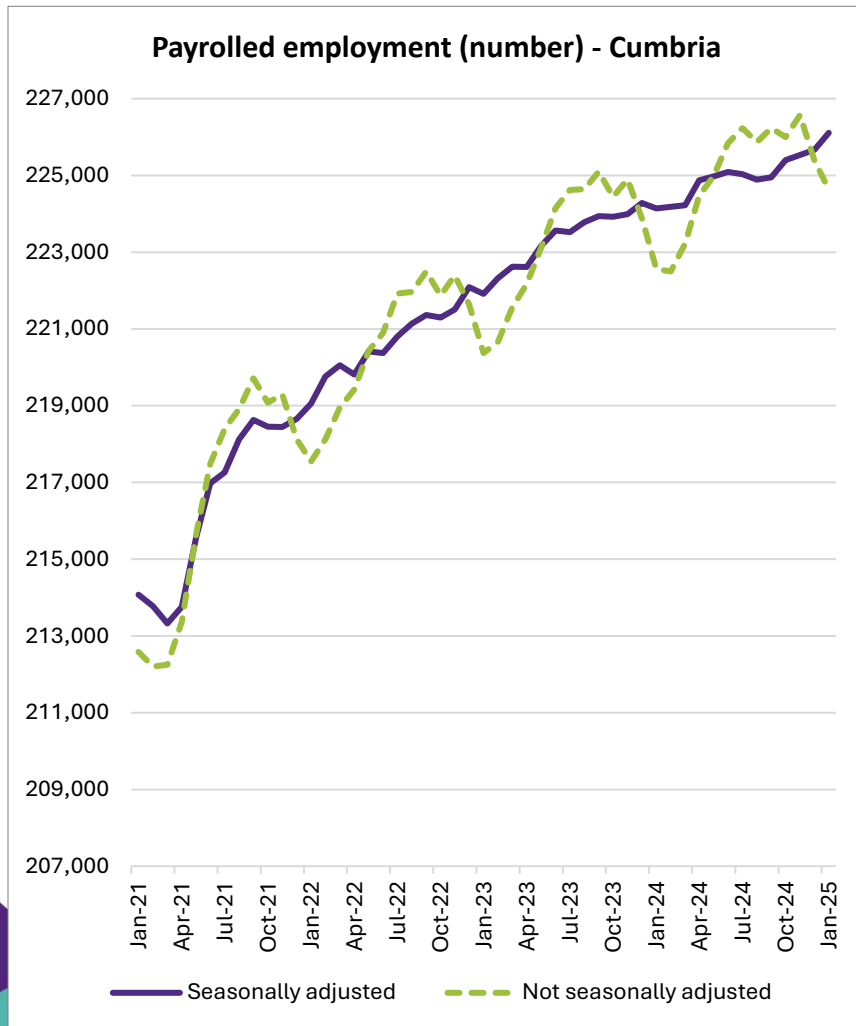
Source: ONS Private rent and house prices, Feb 2025 release



# The Cumbrian Economy



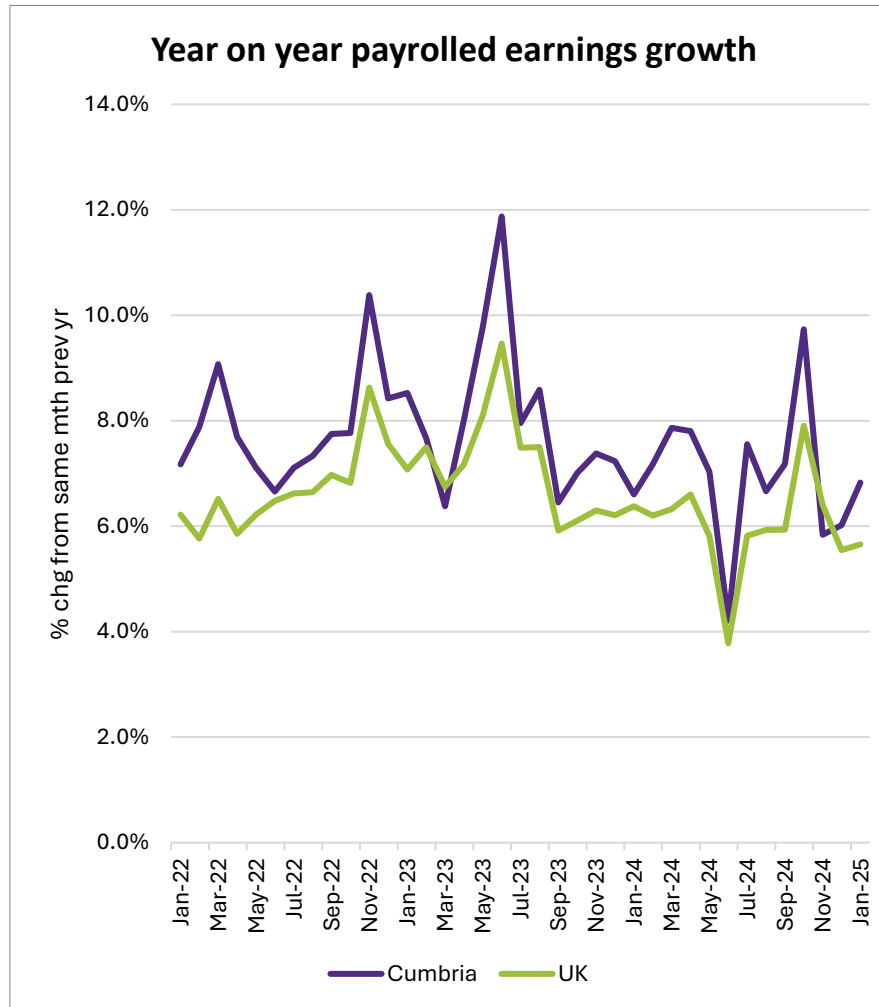
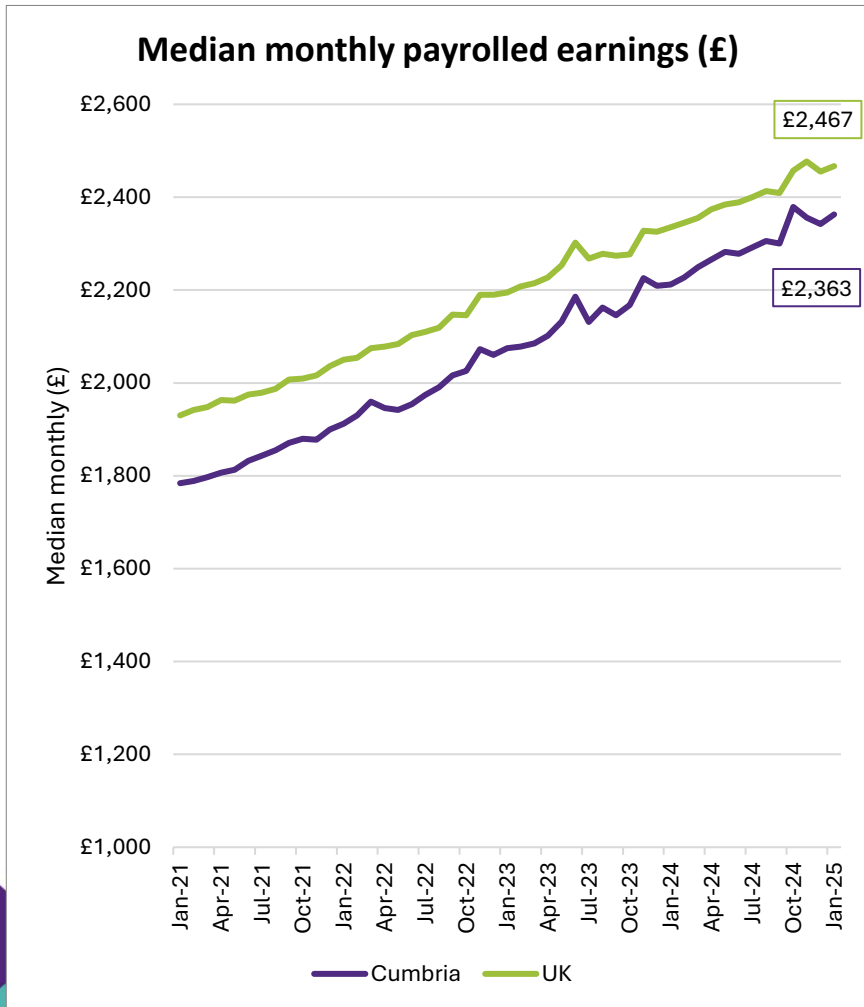
# Cumbria – payrolled employment



- Payrolled employment has been increasing steadily since the pandemic and there were 226,109 Cumbrian residents in payrolled employment in Jan 2025.
- Employment was +0.9% higher than a year ago which is higher than the national average which was 0.2%.
- However, over the longer term, growth in Cumbria has been slightly slower than nationally at 3.2% since Jan 2022 compared to 3.8% for the UK.

Source: ONS/HMRC, Feb 2025 release

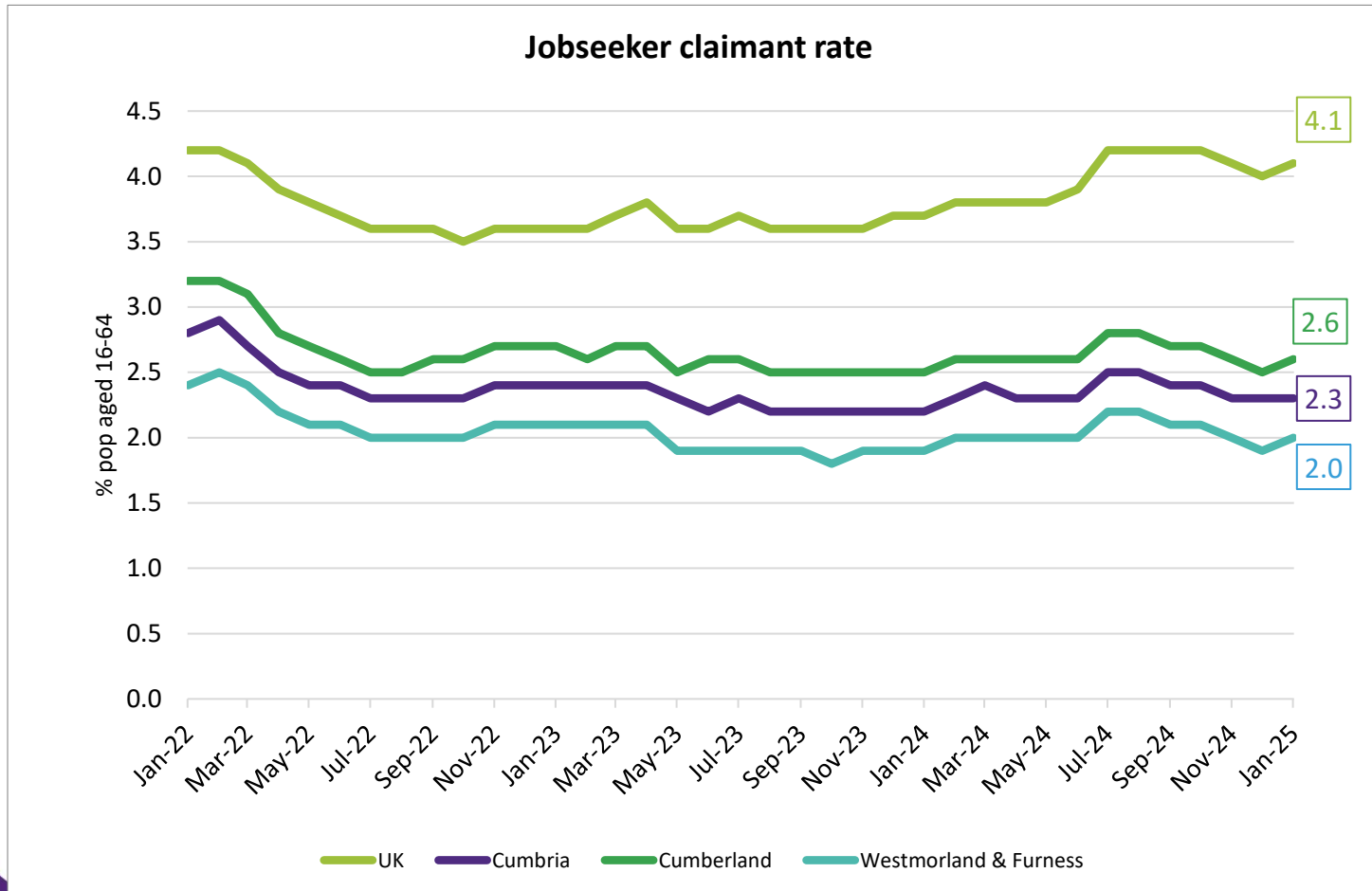
# Cumbria – payrolled earnings



- Payrolled earnings are lower in Cumbria than nationally but the gap has narrowed slightly since the pandemic as there has been higher growth locally.
- Over the past year, pay growth has 6.8% in Cumbria compared to 5.7% for the UK.
- Over a longer period, employee pay in Cumbria in Jan 2025 was 23.6% higher than in Jan 2022 compared to growth of 20.3% growth nationally.

Source: ONS/HMRC, Feb 2025 release

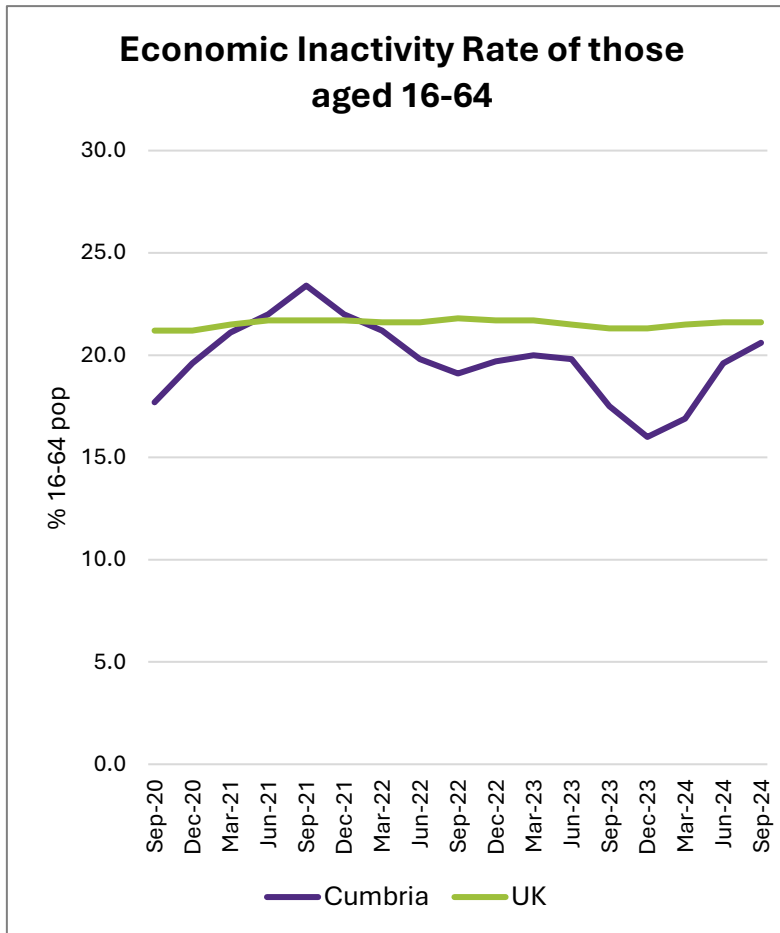
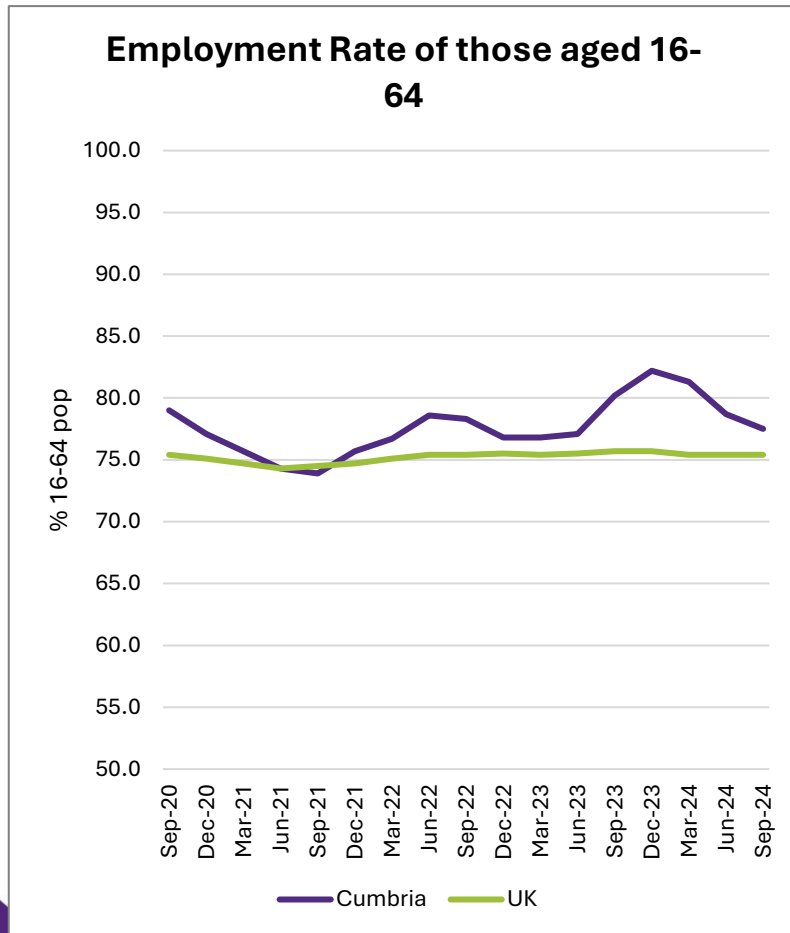
# Cumbria – claimant unemployment



- Labour supply continues to be very tight with claimant rates low across Cumbria compared to the UK.
- Claimant volumes are higher than a year ago nationally (+11.5%) and to a lesser degree locally (+4.1%).
- There were 6,935 claimants actively seeking work in Jan 2025 (4,245 in Cumberland and 2,690 in Westmorland & Furness).
- The claimant rate remains low at 2.3% in Cumbria, well below the national rate of 4.1% (2.6% in Cumberland, 2.0% in Westmorland & Furness).

Source: ONS claimant count, Feb 2025 release (via Nomis)

# Cumbria – employment rate & economic activity

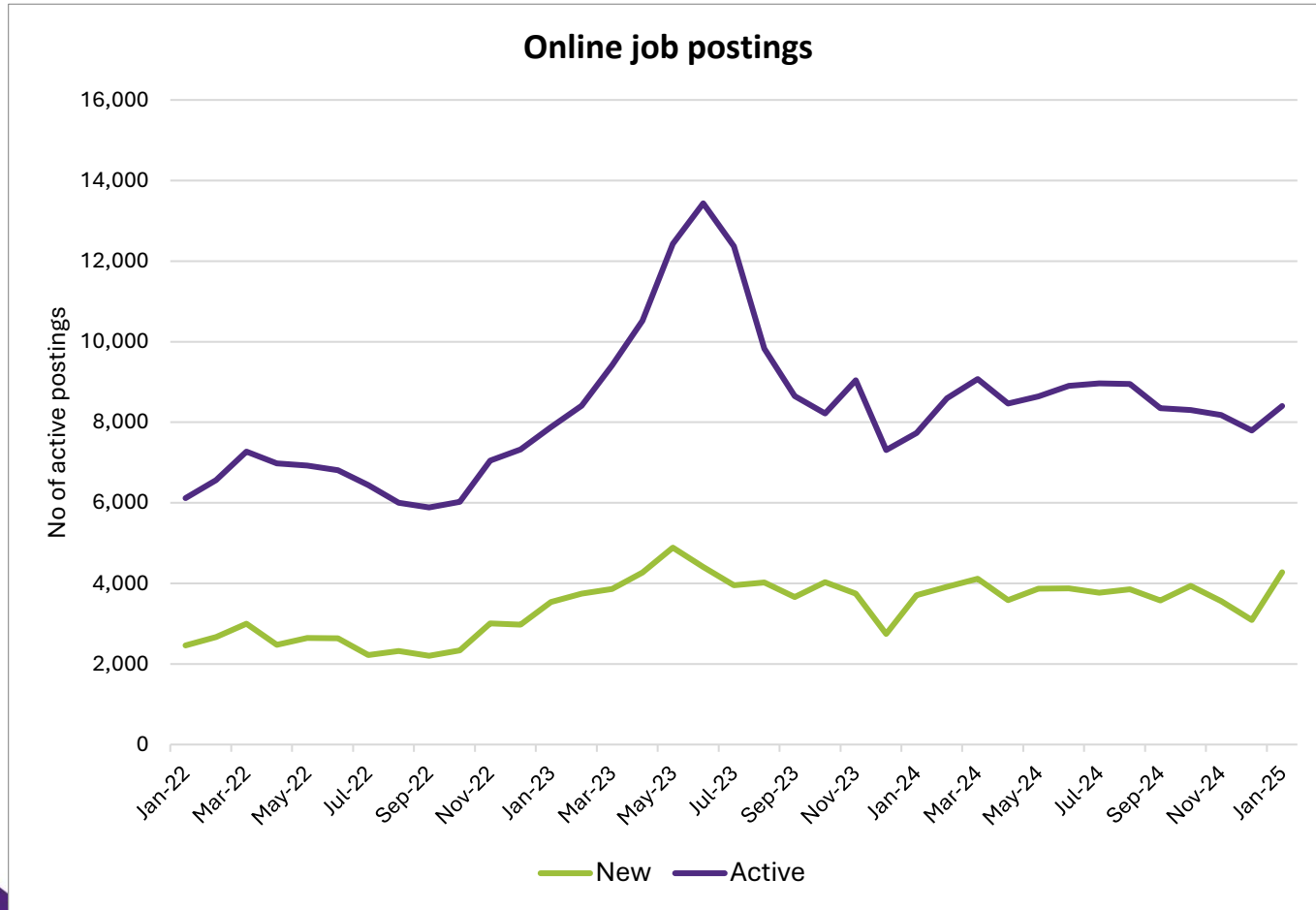


- The employment rate in Cumbria is consistently just above the national average whilst the economic inactivity rate (those not working and not seeking work) is consistently below it.
- The main reasons for economic inactivity in Cumbria are long term sickness (43% of the inactive), looking after family/home (14% of the inactive) and being a student (14% of the inactive).
- Nationally students make up a much bigger share of the inactive.

Source: ONS Annual Population Survey year to Sept 2024 (via Nomis)



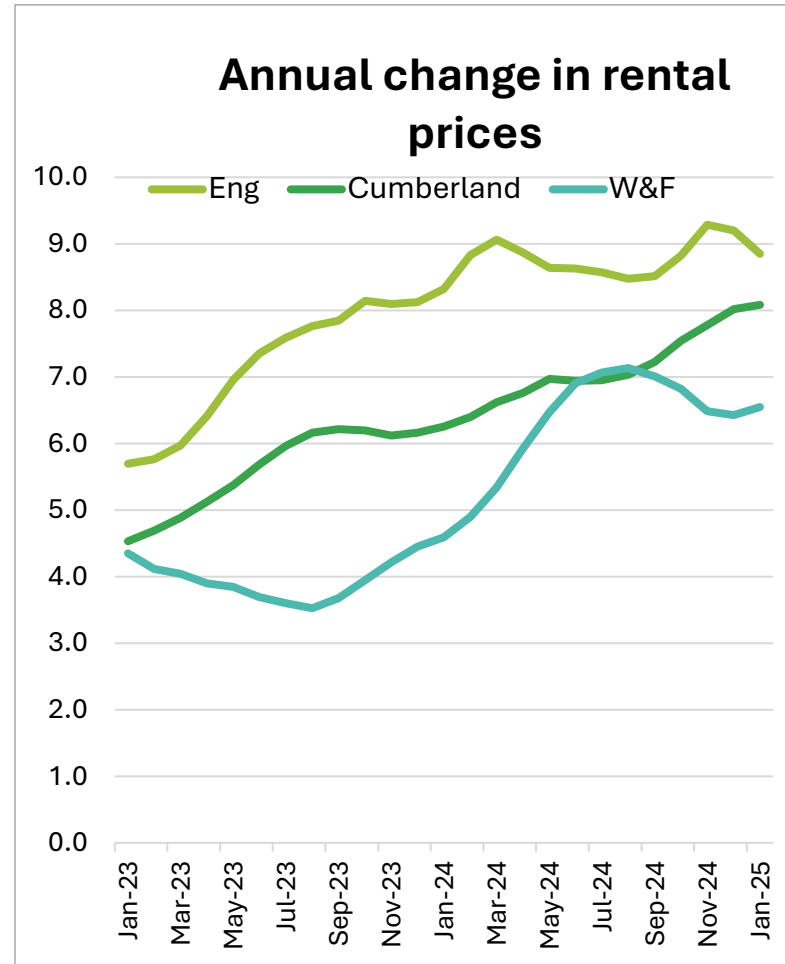
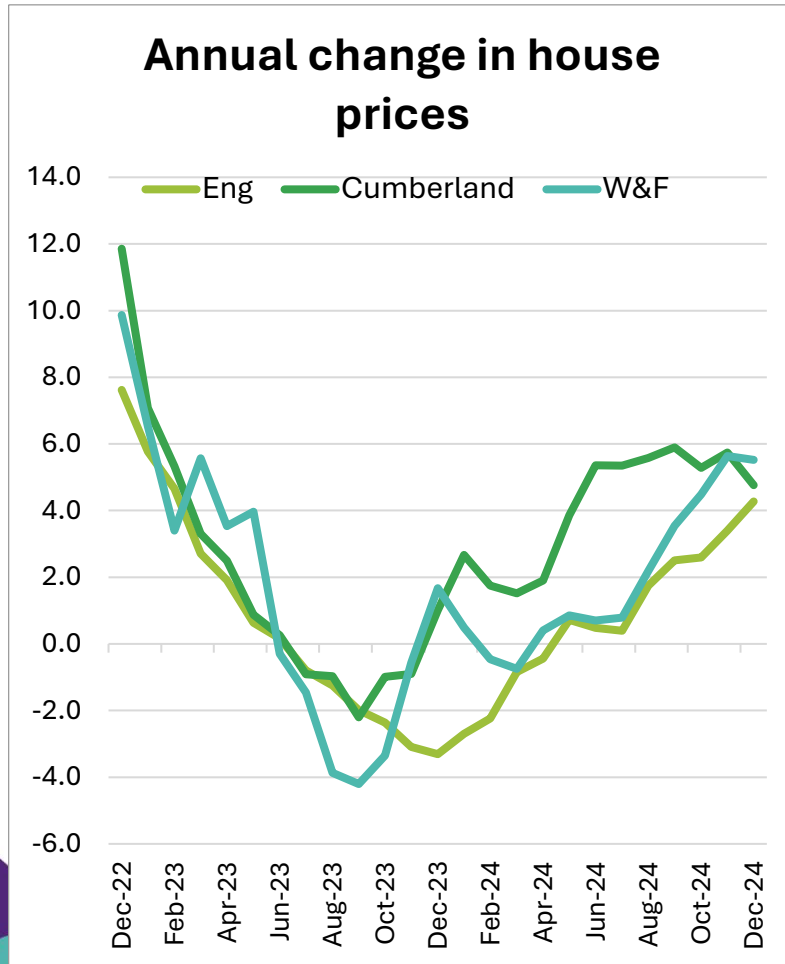
# Cumbria – online job postings



Source: Lightcast™

- Active job postings rose slightly in January, as did the level of new postings. This is not unexpected at this time of year.
- The level of postings is slightly higher in Cumbria than a year ago.
- Health, other transport equipment and food & beverage services were the biggest recruiting sectors in January.
- Occupations most in demand were care workers, cleaners & domestics, kitchen & catering assistants and production & process engineers.
- Skills mentioned most frequently were interpersonal ones such as communication, management and customer service.

# Cumbria – house & rental prices



Source: ONS Private rent and house prices, Feb 2025 release

- Average house prices in Cumbria are lower than England – 58% of the England average in Cumberland and 81% in Westmorland & Furness.
- House prices had fallen at the start of last year locally but have increased since with recent growth in both Cumberland and Westmorland & Furness outstripping the England rate.
- The average house price in Dec 2024 was £167,296 in Cumberland and £236,511 in Westmorland & Furness (UK £268,087).
- Private rentals in Cumbria are lower than the England average – 44% of the England average in Cumberland and 54% in Westmorland & Furness.
- Private rentals have been rising more slowly than nationally.
- The average private rental in Nov 2024 was £599 in Cumberland and £729 in Westmorland & Furness (England £1,362).



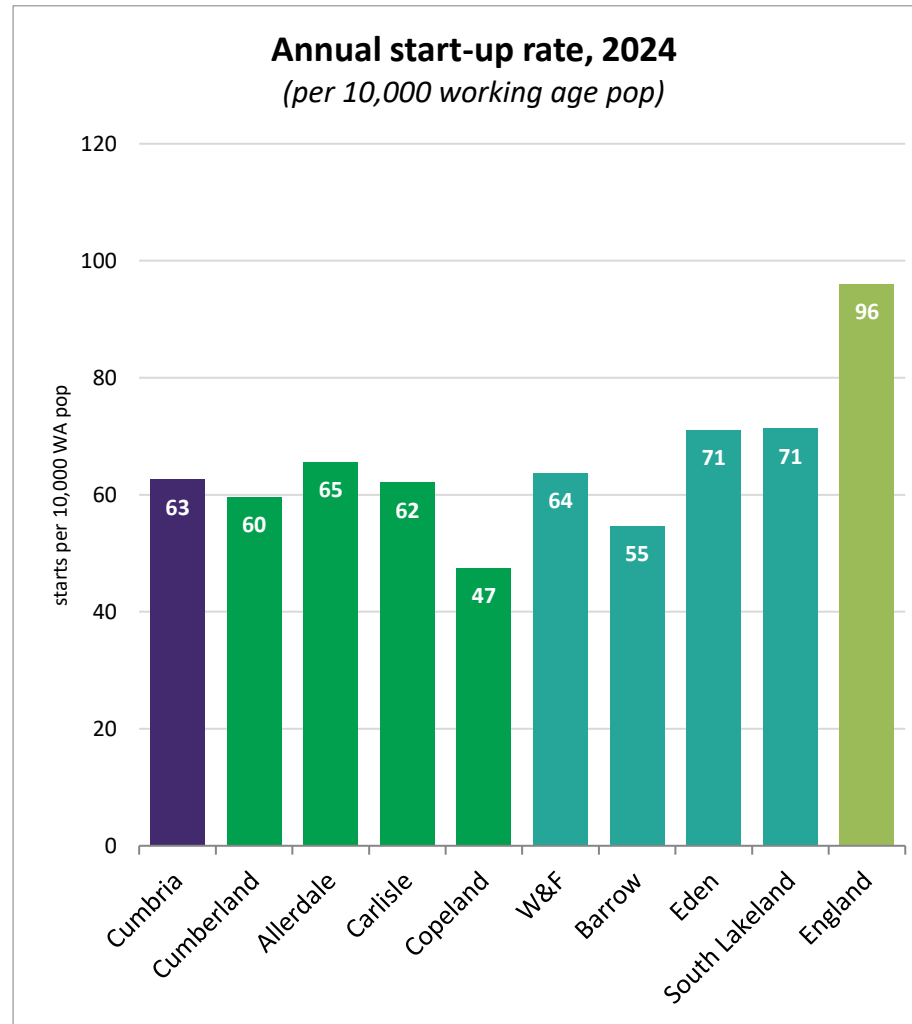
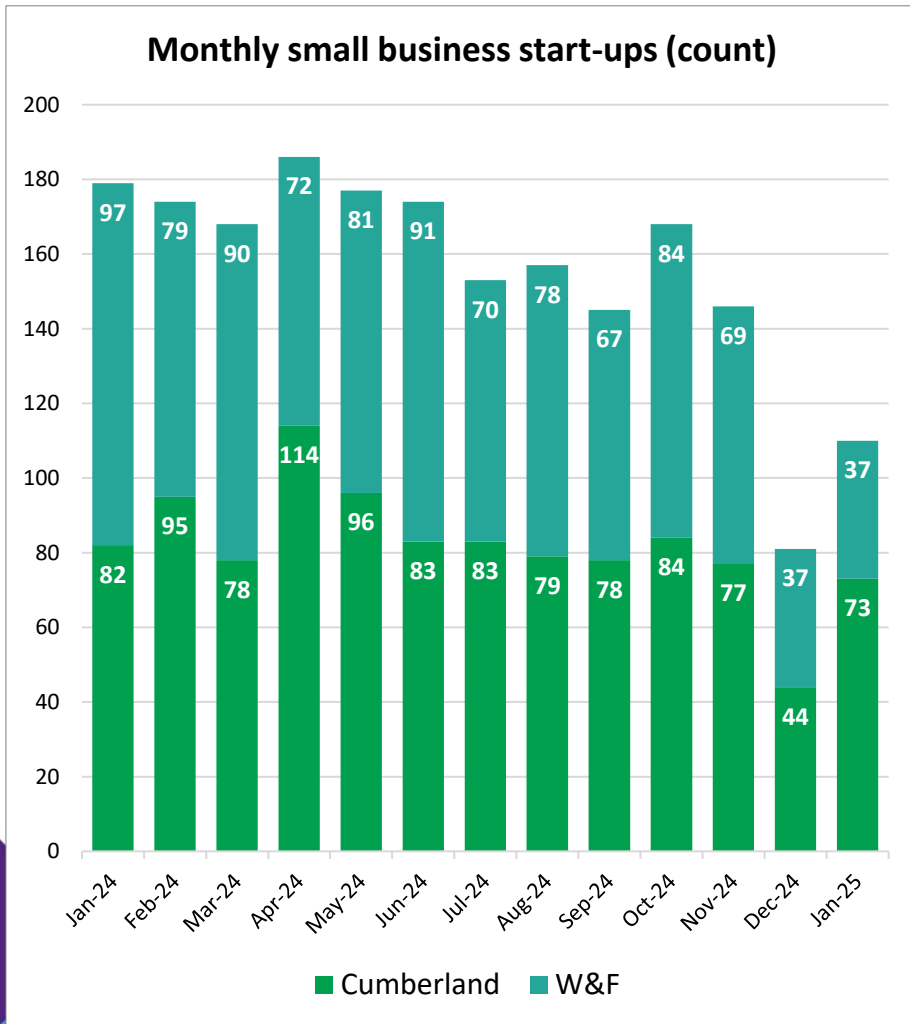
# Cumbria – business trends

There are few reliable sources of data on local business performance and what is available is generally only annual and often not very timely.

- GVA growth lagging behind UK over 5 and 10 years (up to 2022).
- Productivity gap with the UK widening (up to 2021), except in Barrow where output per hour worked has been above the UK since 2018.
- Number of active businesses down slightly on a year ago.
- Dissolved/in liquidation counts stable and broadly similar to last year.
- Lower proportion of businesses with high risk credit ratings than nationally.
- Business ‘birth’ & ‘death’ rates (per capita) both lower than the UK.
- Business ‘survival’ to 3 years slightly above the UK.



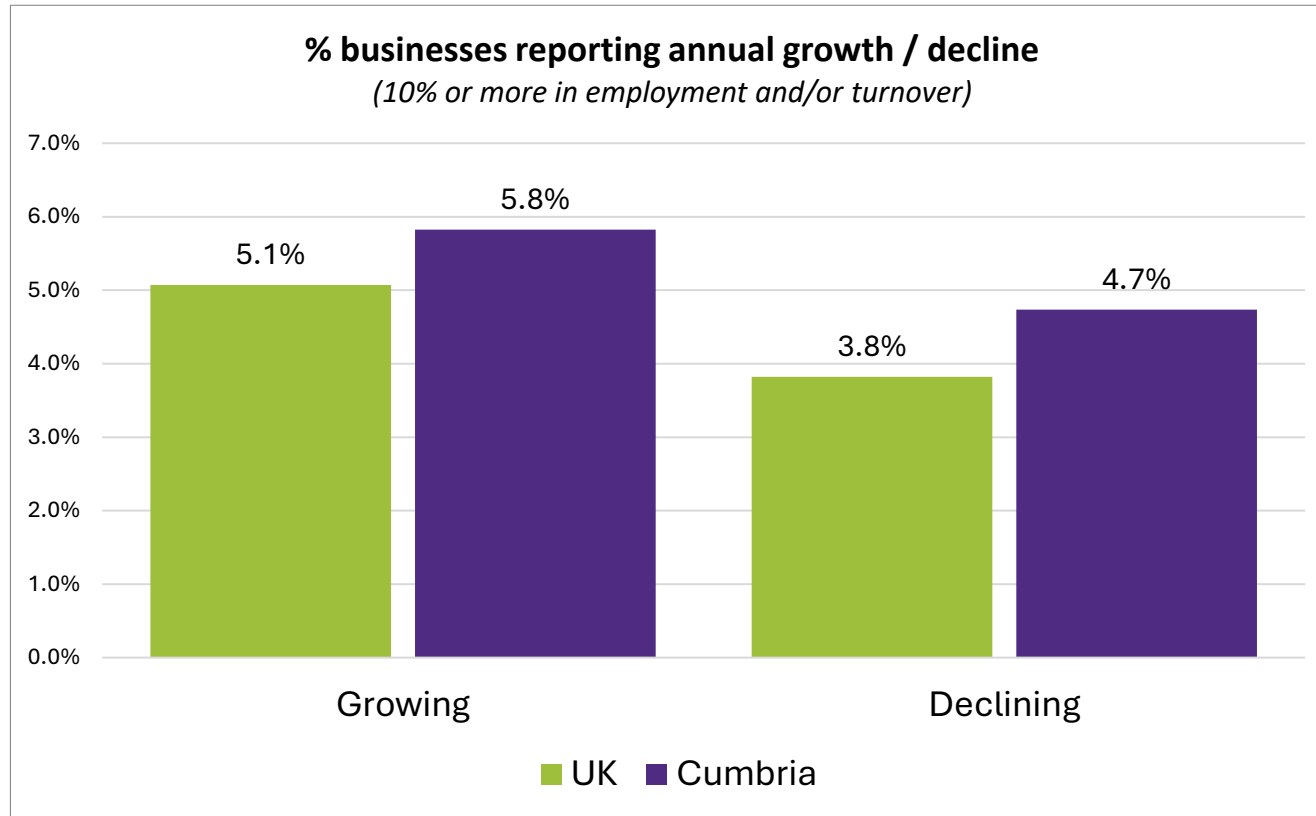
# Cumbria – small business start-ups



- There were 143 small business start-ups in Cumbria in January 2024, 62 more than in December but 36 fewer than a year ago.
- The highest volume of start-up in January were in South Lakeland (35) and Carlisle (34).
- The real estate & professional services sector had the highest number of start-ups (80) followed by recreation, personal & community services (56).
- The annual rate of start-ups (per 10,000 working age population) in 2024 was 64 in Cumbria which is well below the national average of 97.

Source: BankSearch, Feb 2025 release

# Cumbria – business growth

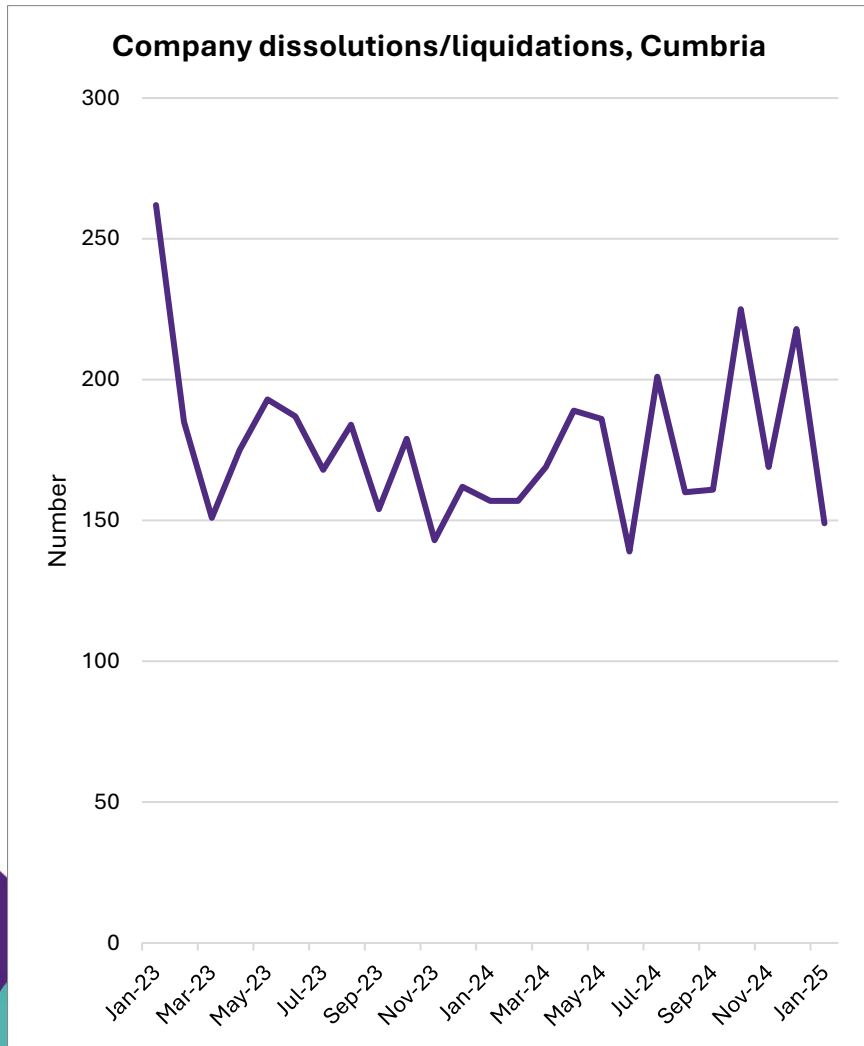


- Cumbria has relatively more businesses reporting growth (in employment and/or turnover) than nationally but also a relatively more reporting a decline.
- 5.8% of businesses in Cumbria filed results showing an increase of 10% or more in employment and/or turnover compared to 5.1% nationally.
- 4.7% of businesses in Cumbria filed accounts showing a decrease compared to 3.8% nationally.

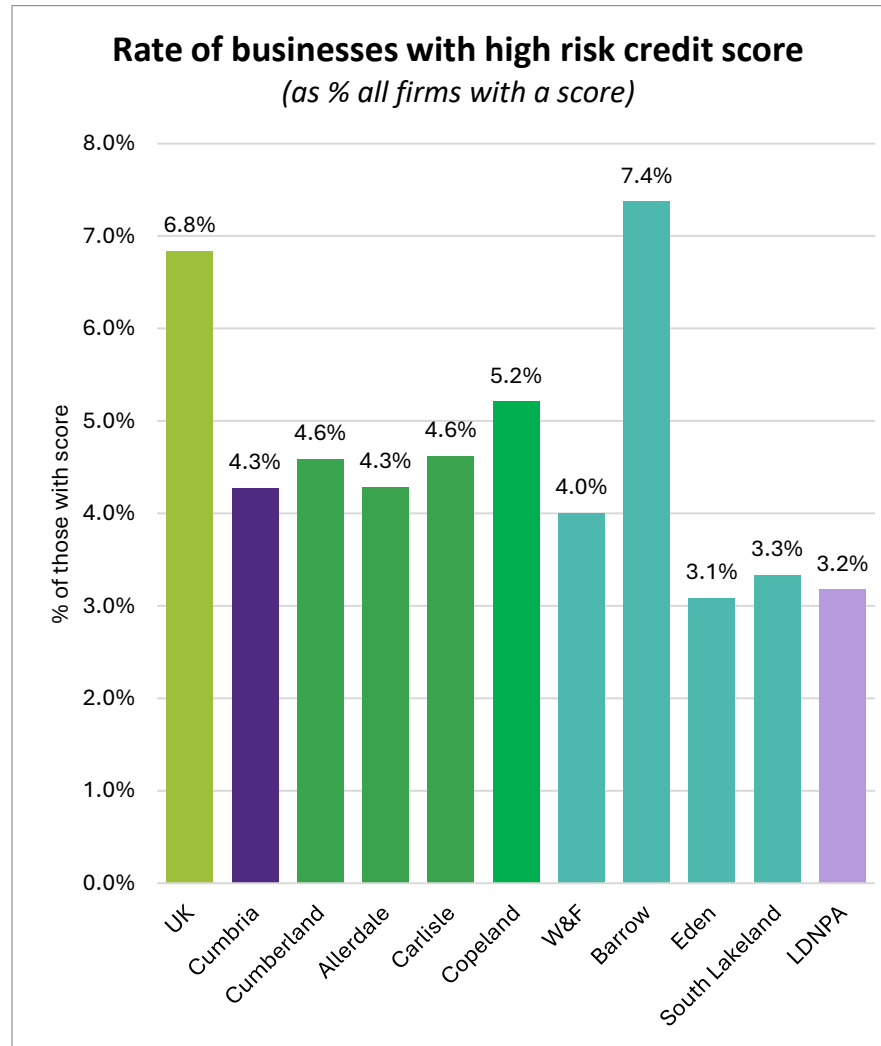
Source: FAME, Jan 2025



# Cumbria – business risk



Source: FAME, Jan 2025



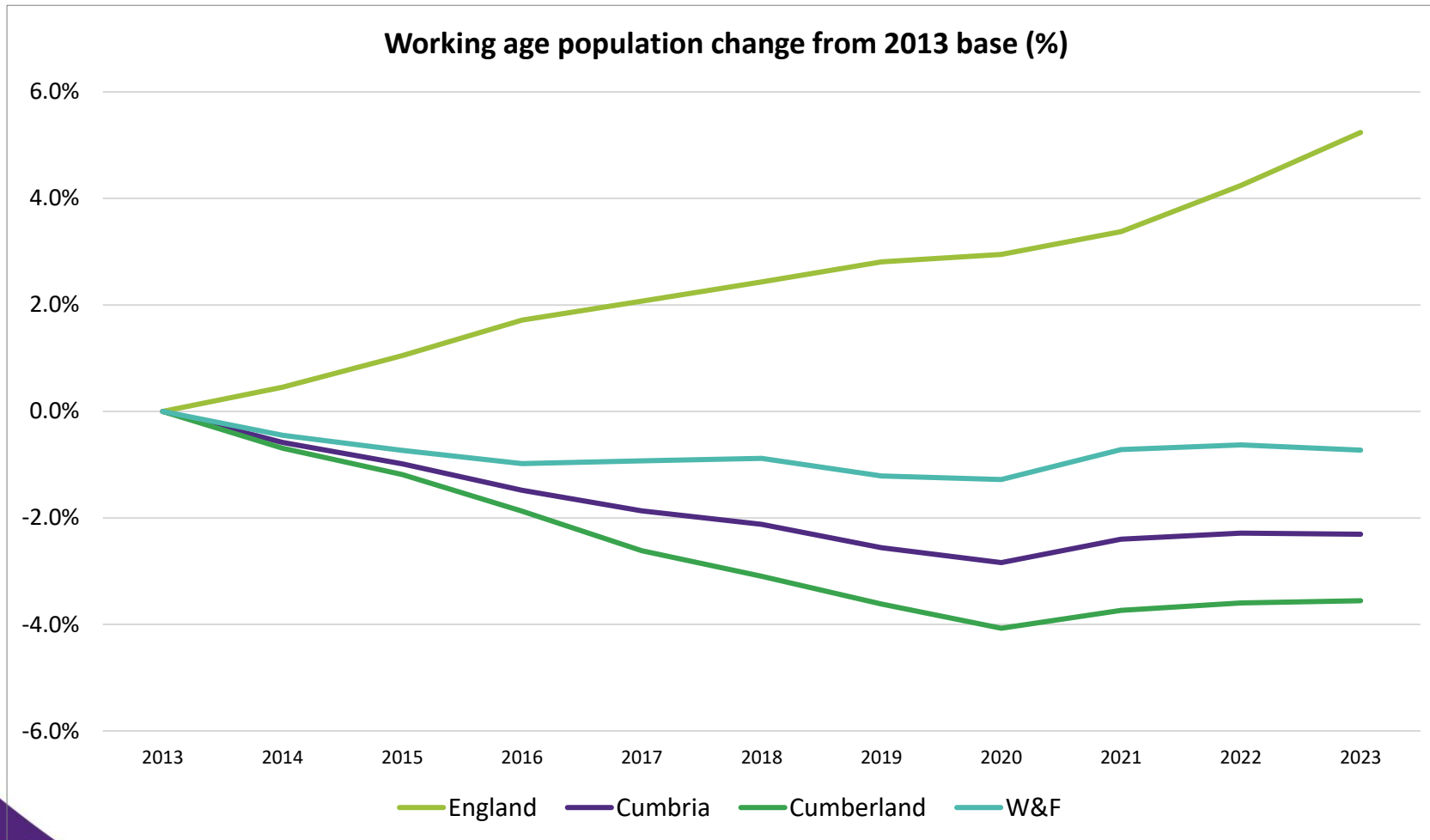
Source: FAME, Jan 2025

- There were 149 business dissolutions/ insolvencies in January (145 dissolved, 4 insolvent).
- The average for 2024 was the same as in 2022 and 2023 but higher than the year before the pandemic
- A lower proportion of businesses in Cumbria have a high risk credit score than nationally – 4.3% v 6.8%.
- Barrow had the highest proportion of businesses with a high risk score at 7.4%.

# Other useful datasets

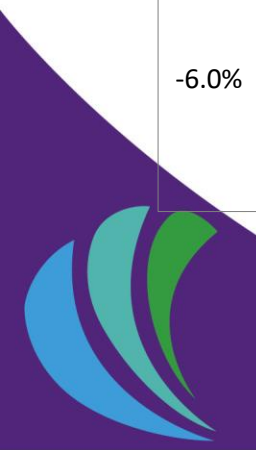


# Cumbria – working age population change (1)

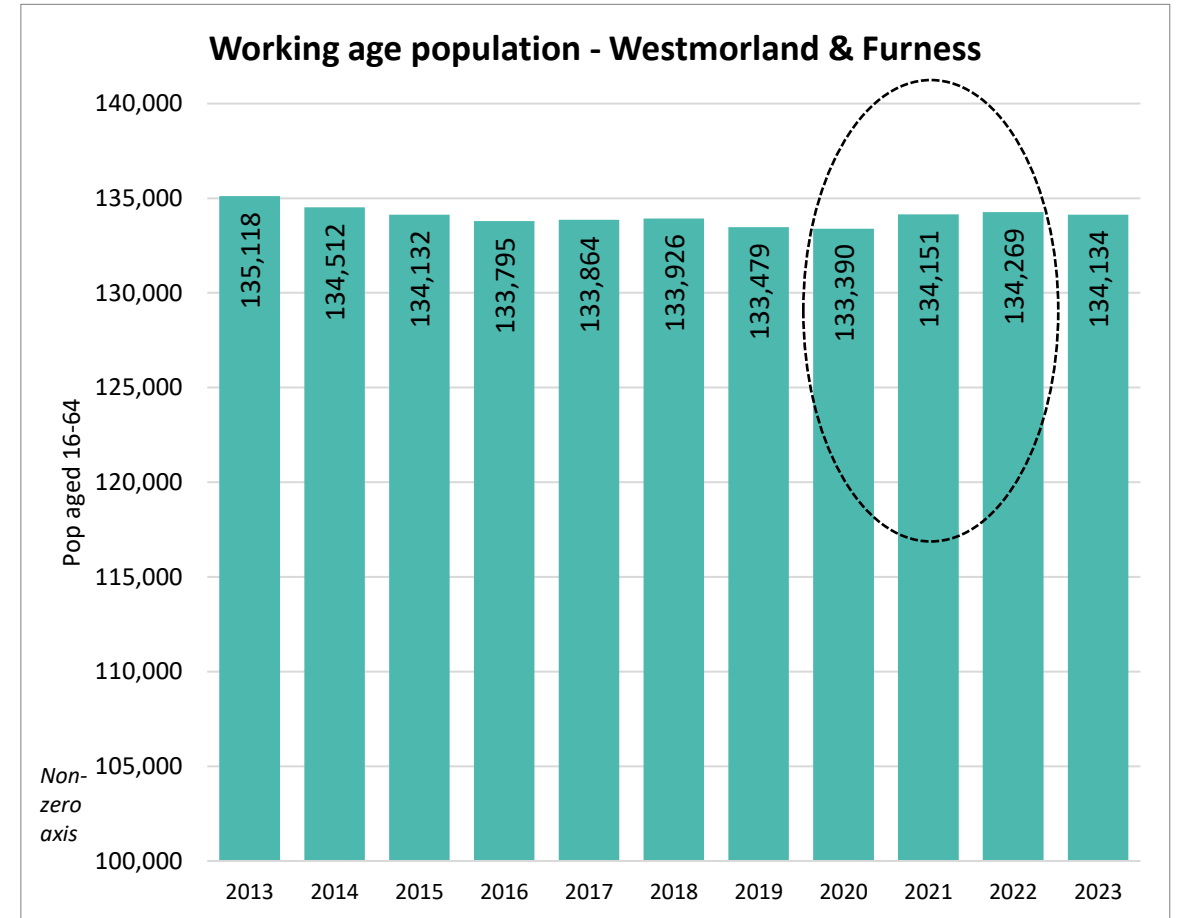
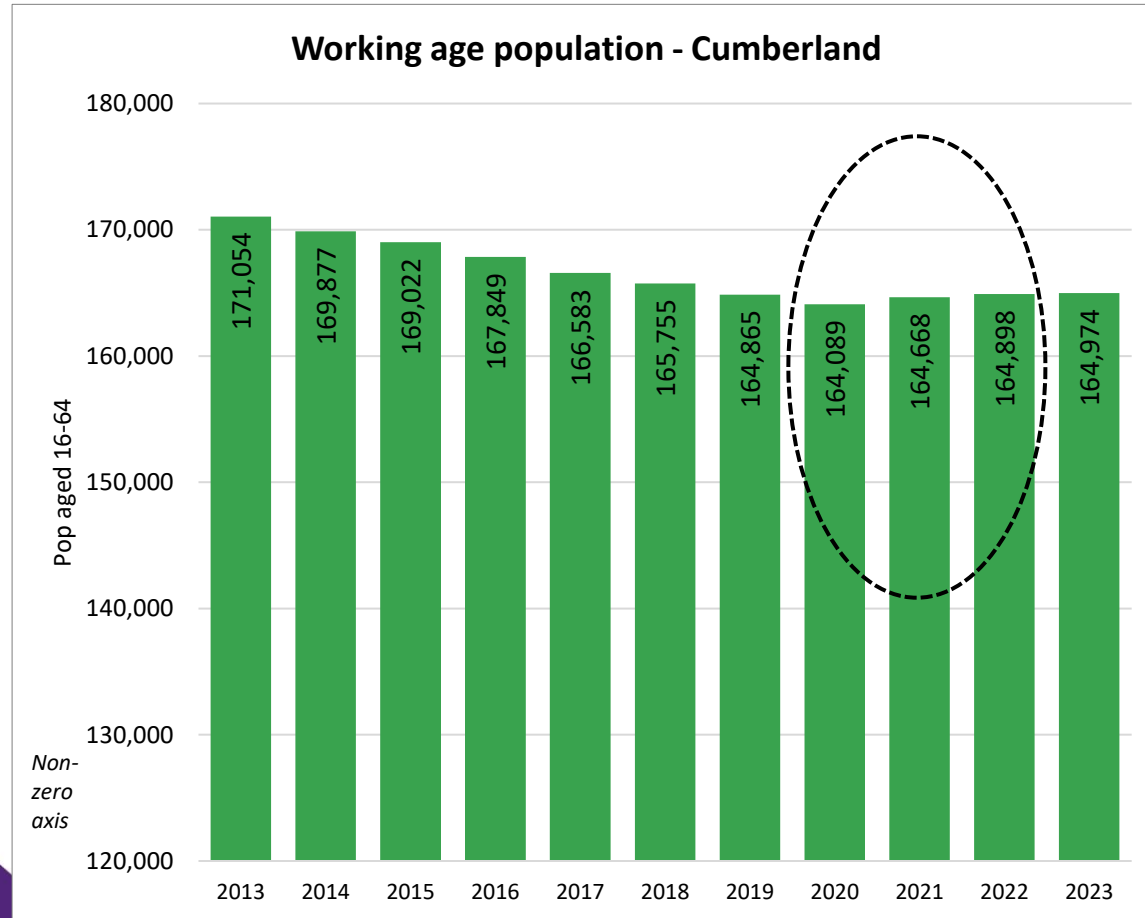


Source: ONS Mid-Year Estimates 2023

- Cumbria's working age population (age 16-64) was estimated to be 299,108 in 2023.
- This is 7,064 fewer than in 2013 (-2.3%) and 573 fewer than in 2018 (-0.2%).
- However, there was a post-pandemic boost to the working age population in 2021 and a further small increase in 2022 resulting in a working age population that was 1,629 higher in 2023 than in 2020 (+0.5%).
- Despite the recent boost, working age population growth is substantially lower than the England average across all time periods.



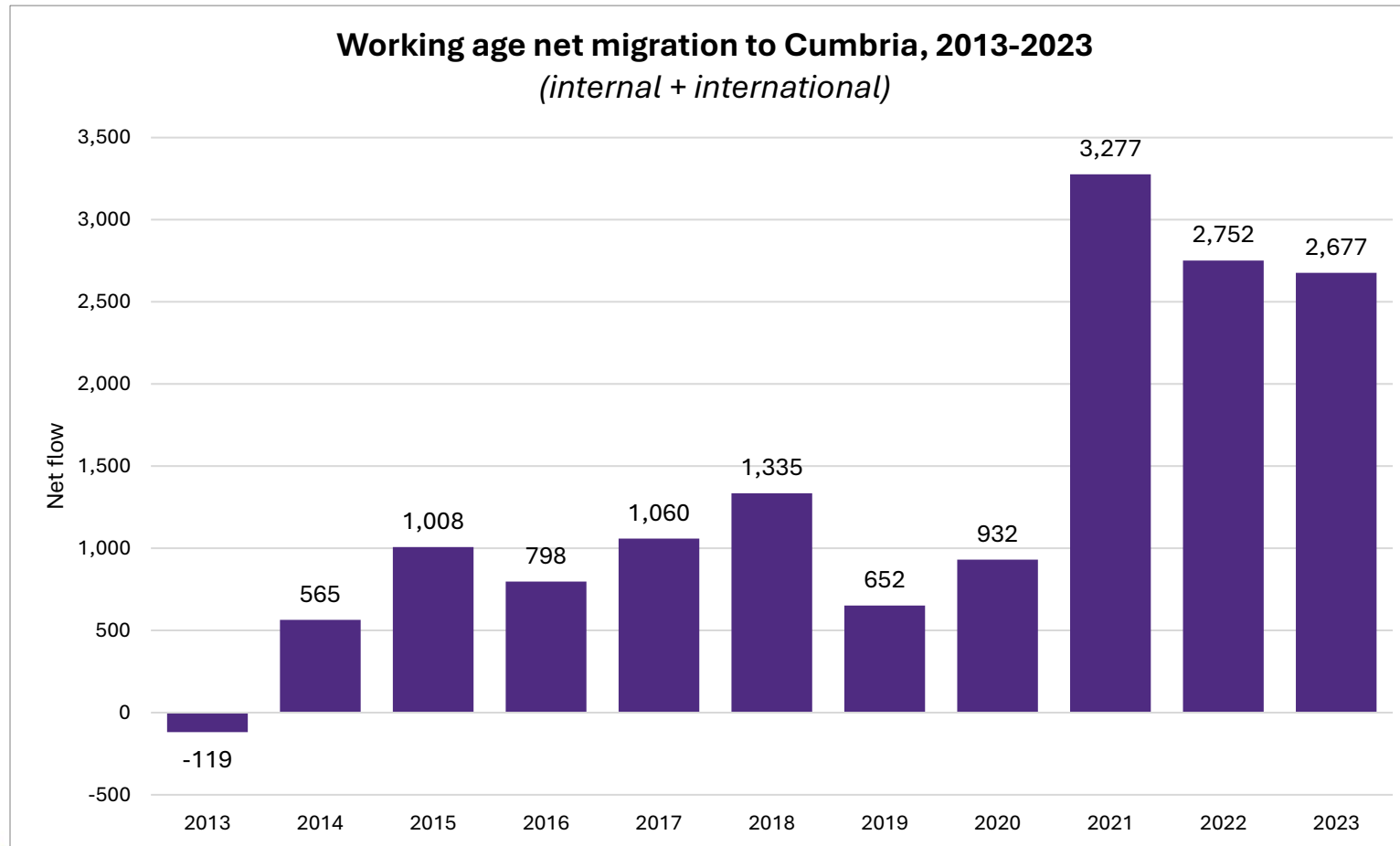
# Cumbria – working age population change (2)



Source: ONS Mid Year Estimates 2023



# Net migration of working age people



Source: ONS Mid-Year Estimates 2023

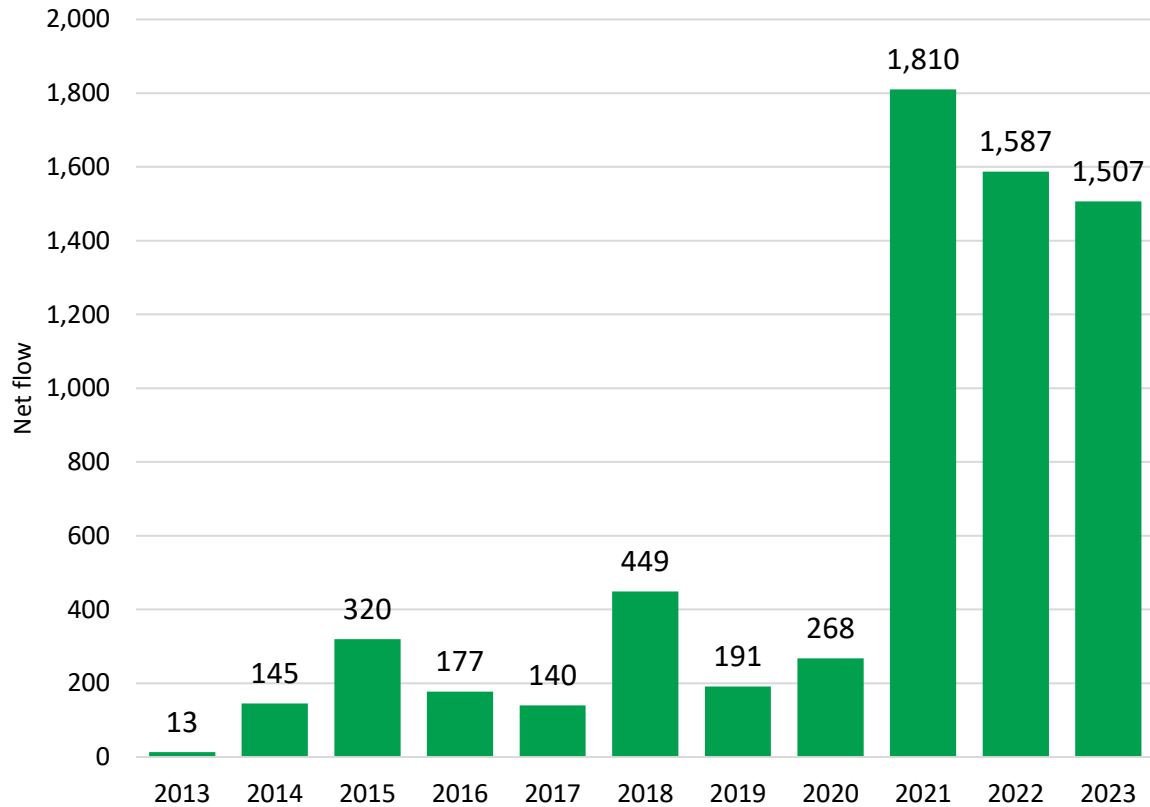
- The major factors influencing working age population change are demographics (eg new entrants and retirees) and migration.
- Net migration to Cumbria fell in 2019 but has increased significantly since the pandemic in 2020.
- Even though levels fell back a little in 2022 and 2023 from the 2021 peak, net migration in 2023, was still 101% higher than in 2018.
- The increase between 2018 and 2023 has been significantly higher in Cumberland than in Westmorland & Furness – 236% compared to 32%.





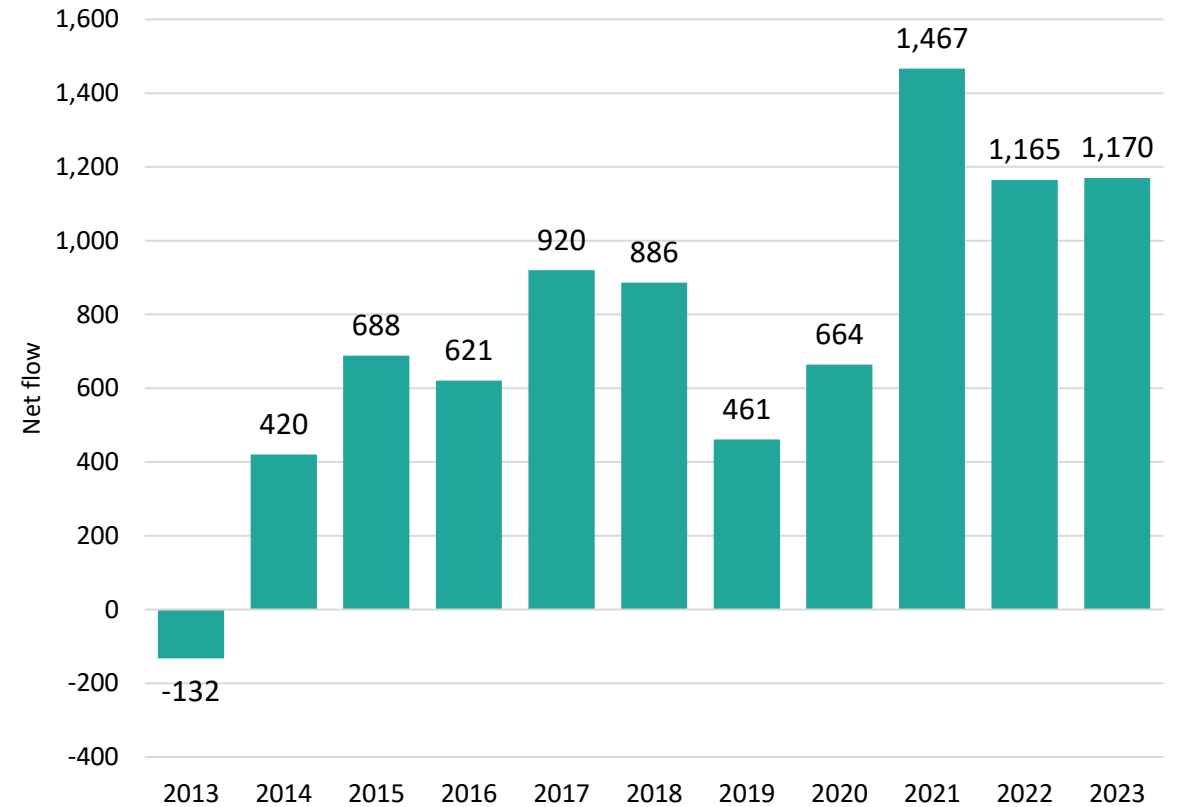
# Net migration of working age people (2)

**Working age net migration to Cumberland, 2013-2023**  
(internal + international)

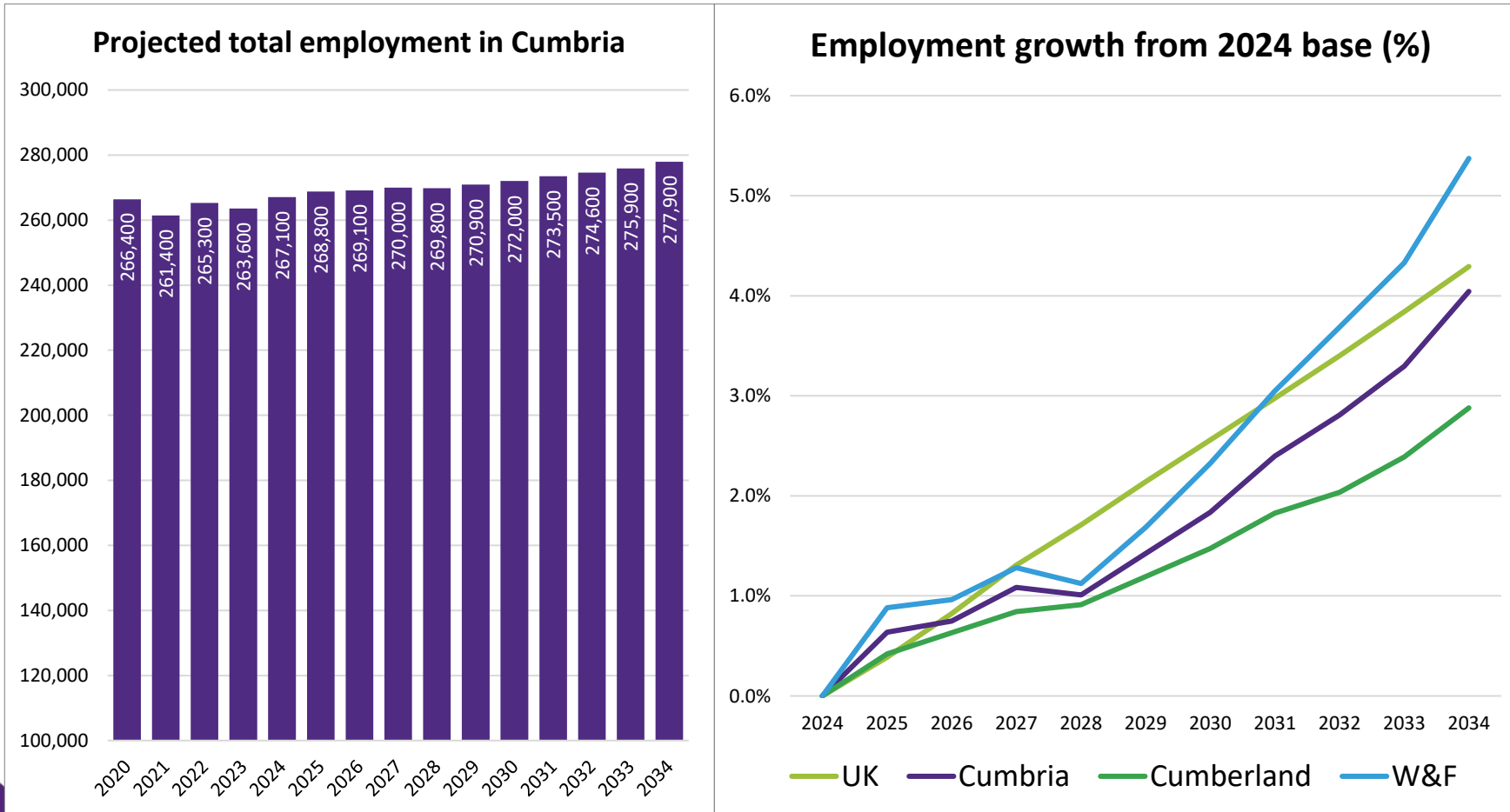


Source: ONS Mid Year Estimates 2023

**Working age net migration to Westmorland & Furness, 2013-2023**  
(internal + international)



# Cumbria – economic projections (1)



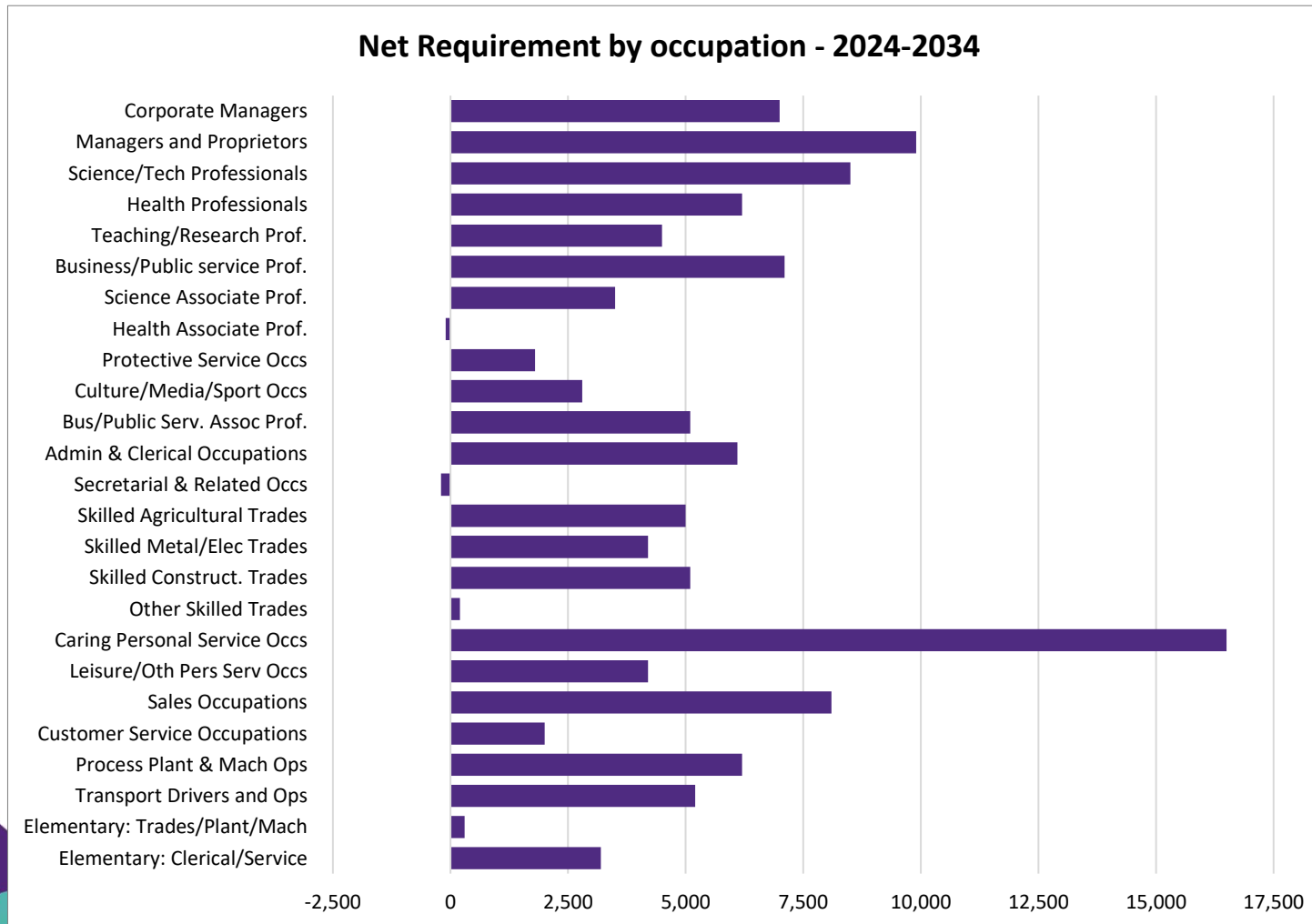
Source: Cumbria projections developed with the aid of CE/IER LEFM software 2024

*These data are not a forecast of what will happen, they are one scenario of what could happen based on a series of assumptions about the national/local economy. They should always be used with caution alongside other evidence.*

- Total employment in Cumbria is projected to increase by 10,800 between 2024 and 2034. This is a growth rate of 4.0% compared to a UK growth rate of 4.3%.
- Growth is projected to be higher than nationally in Westmorland & Furness (5.4%) as a result of the expansion at BAE Systems whereas growth is projected to be lower than nationally in Cumberland (2.9%).
- The sectors projected to show the largest numerical employment growth in the next decade are:
  - Care – 3,000
  - Other transport equipment – 2,200
  - Construction – 1,500
  - Business support services – 1,300
  - Accommodation services – 1,000



# Cumbria – economic projections (2)

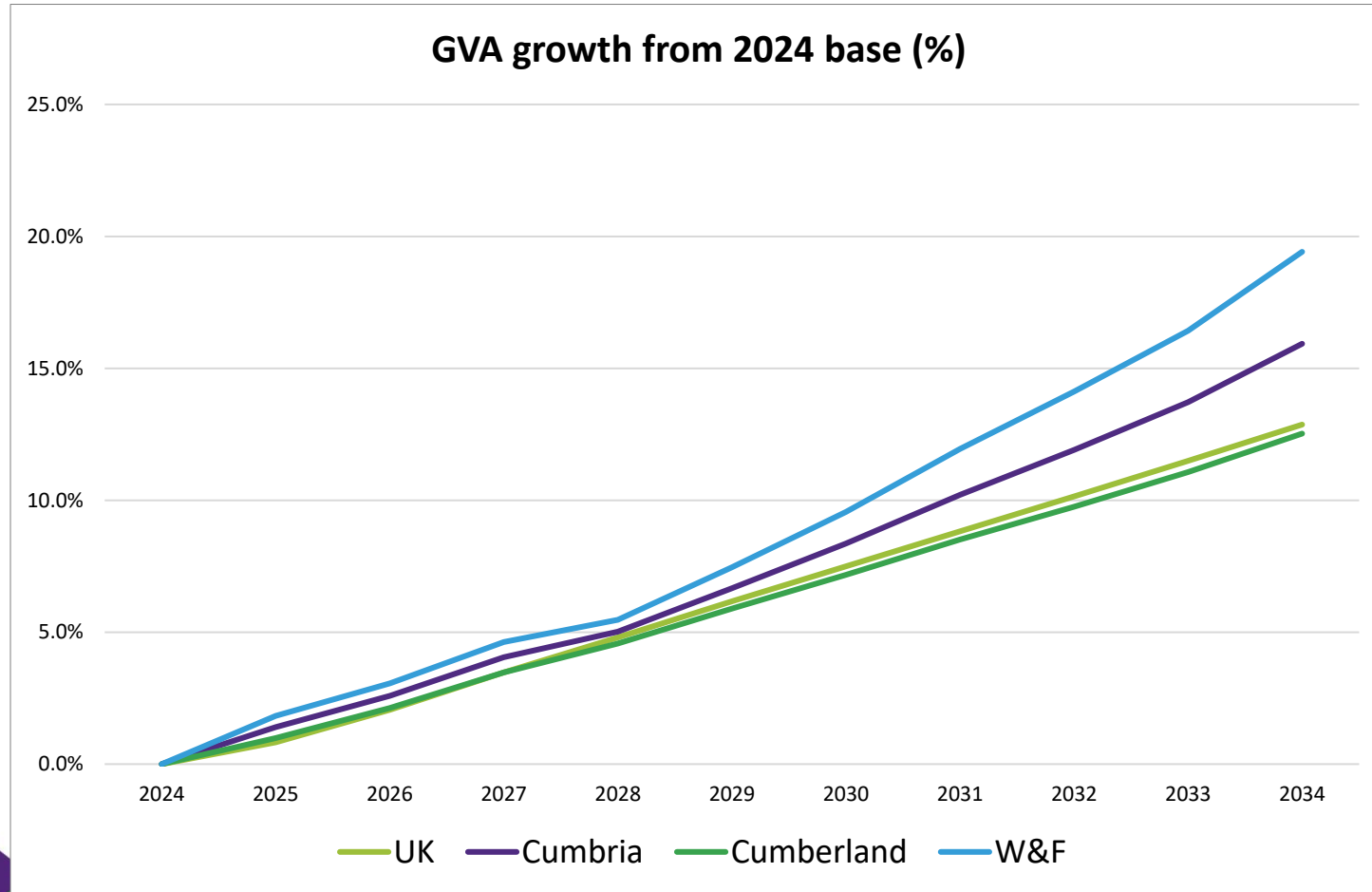


- The combination of expansion demand and the replacement demand arising from labour market leavers is projected to result in a net requirement of 122,600 new employees over the next decade.
- Over 90% of this arises from labour market leavers, particularly those retiring from the workforce.
- Occupations projected to see the highest net requirement are:
  - Caring personal services – 16,500
  - Managers & proprietors – 9,900
  - Science & technology professionals – 8,500
  - Sales occupations – 8,100
  - Business & public service professionals – 7,100
- Over a quarter of the future demand is forecast to require degree level qualifications.

Source: Cumbria projections developed with the aid of CE/IER LEFM software 2024

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# Cumbria – economic projections (3)



- Total GVA in Cumbria is projected to increase by £1.7bn (2019 prices) between 2024 and 2034. This is a growth rate of 15.9% compared to a UK growth rate of 12.9%.
- Growth is projected to be higher than nationally in Westmorland & Furness (19.4%) as a result of the expansion at BAE Systems whereas growth is projected to be slightly lower than nationally in Cumberland (12.5%).

Source: Cumbria projections developed with the aid of CE/IER LEFM software 2024

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