



# Economy Overview

August 2024

Prepared by Ginny Murphy  
*Cumberland Council*

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# National Economy

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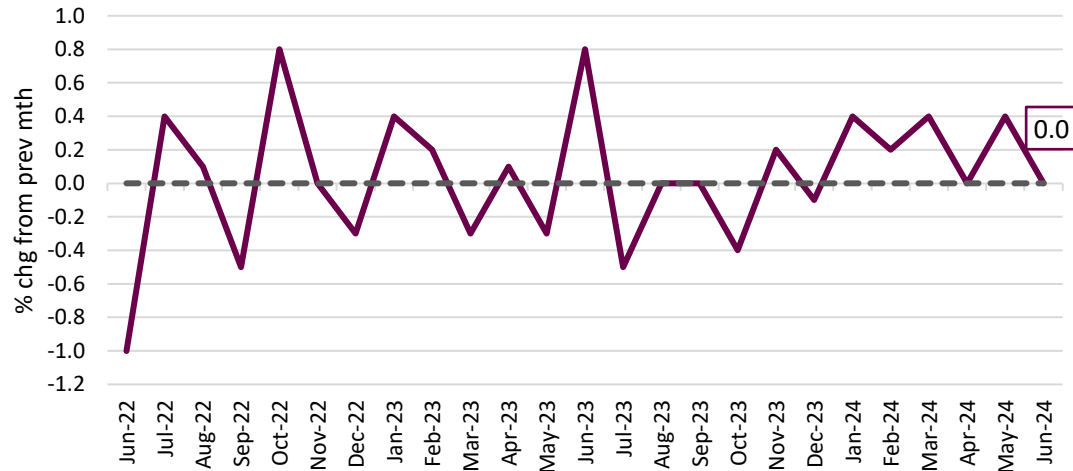
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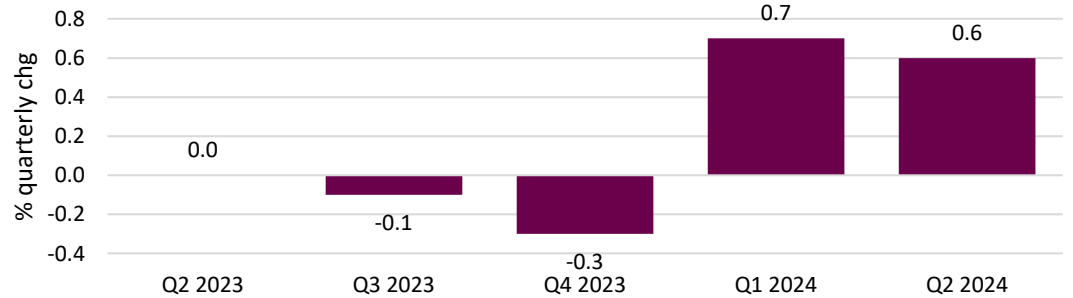
# The UK economy – latest economic output

## Monthly change in economic output - all sectors

(latest month on previous month - %)

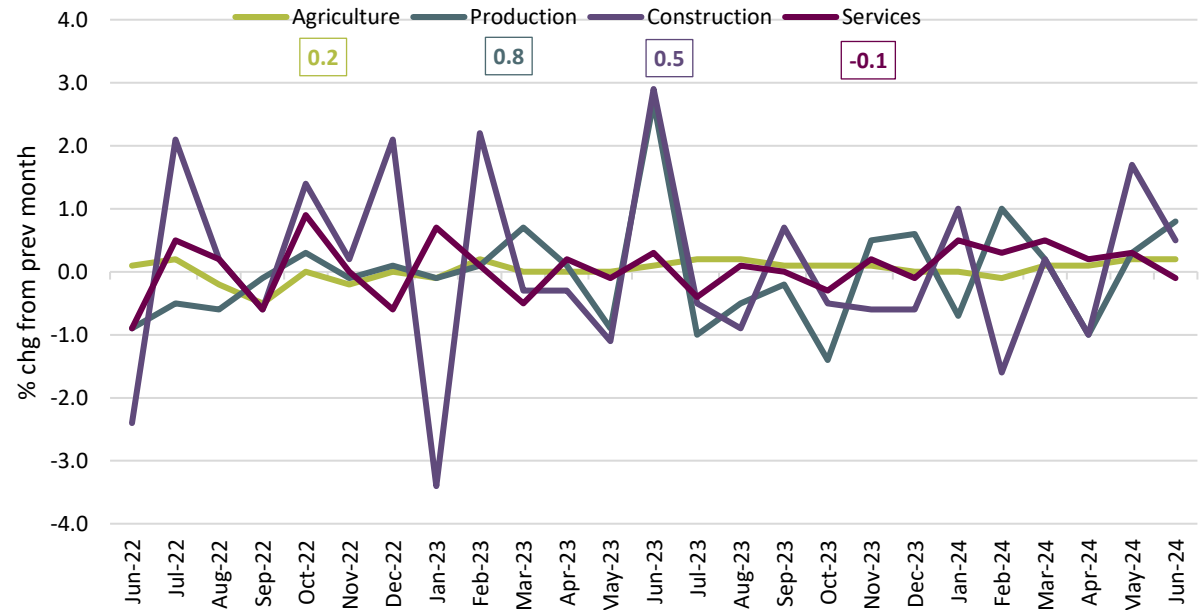


## Quarterly GDP change



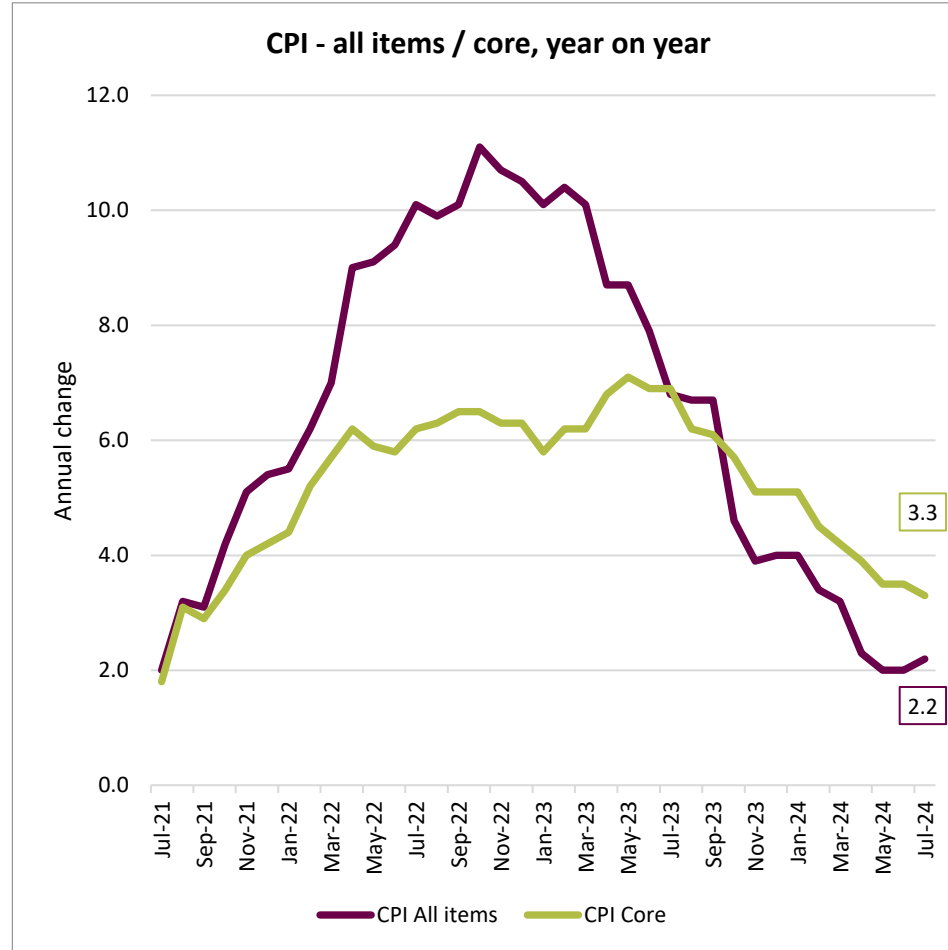
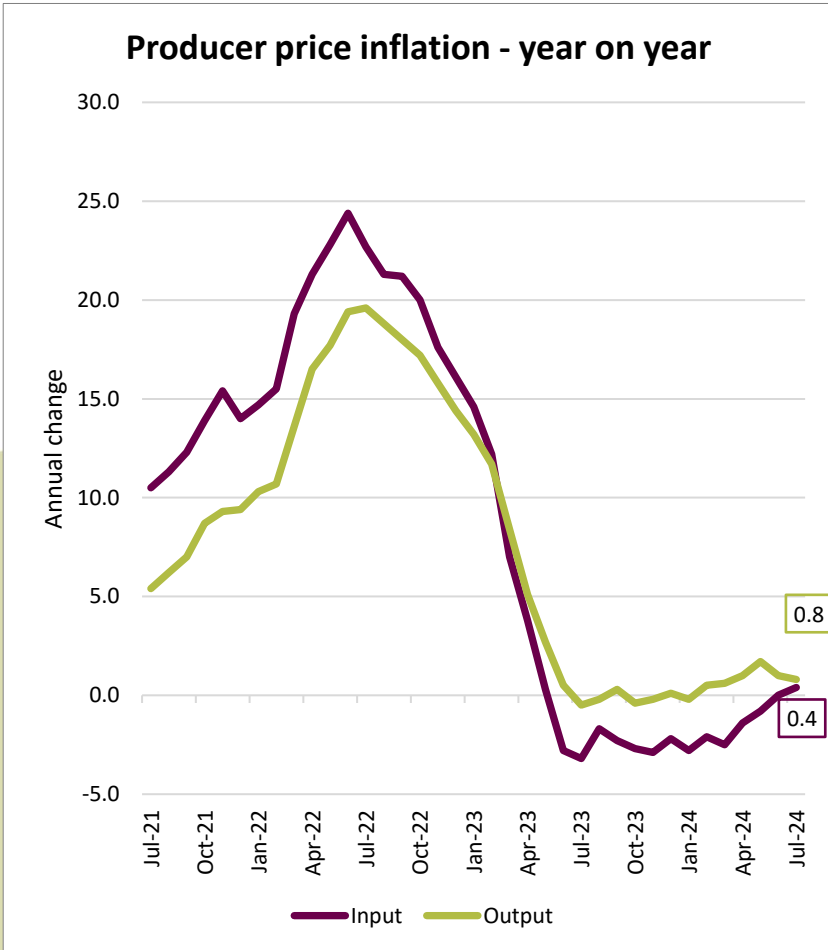
- Monthly output was static in June after 0.4% growth in May. Over the quarter, growth was 0.6%.
- Services output fell by 0.1% (+0.8% over the quarter).
- Production output grew by 0.8% (-0.1% over the quarter).
- Construction output grew by 0.5% (-0.1% over the quarter).

## Monthly change in output - main sector



Source: ONS Monthly GDP release August 2024

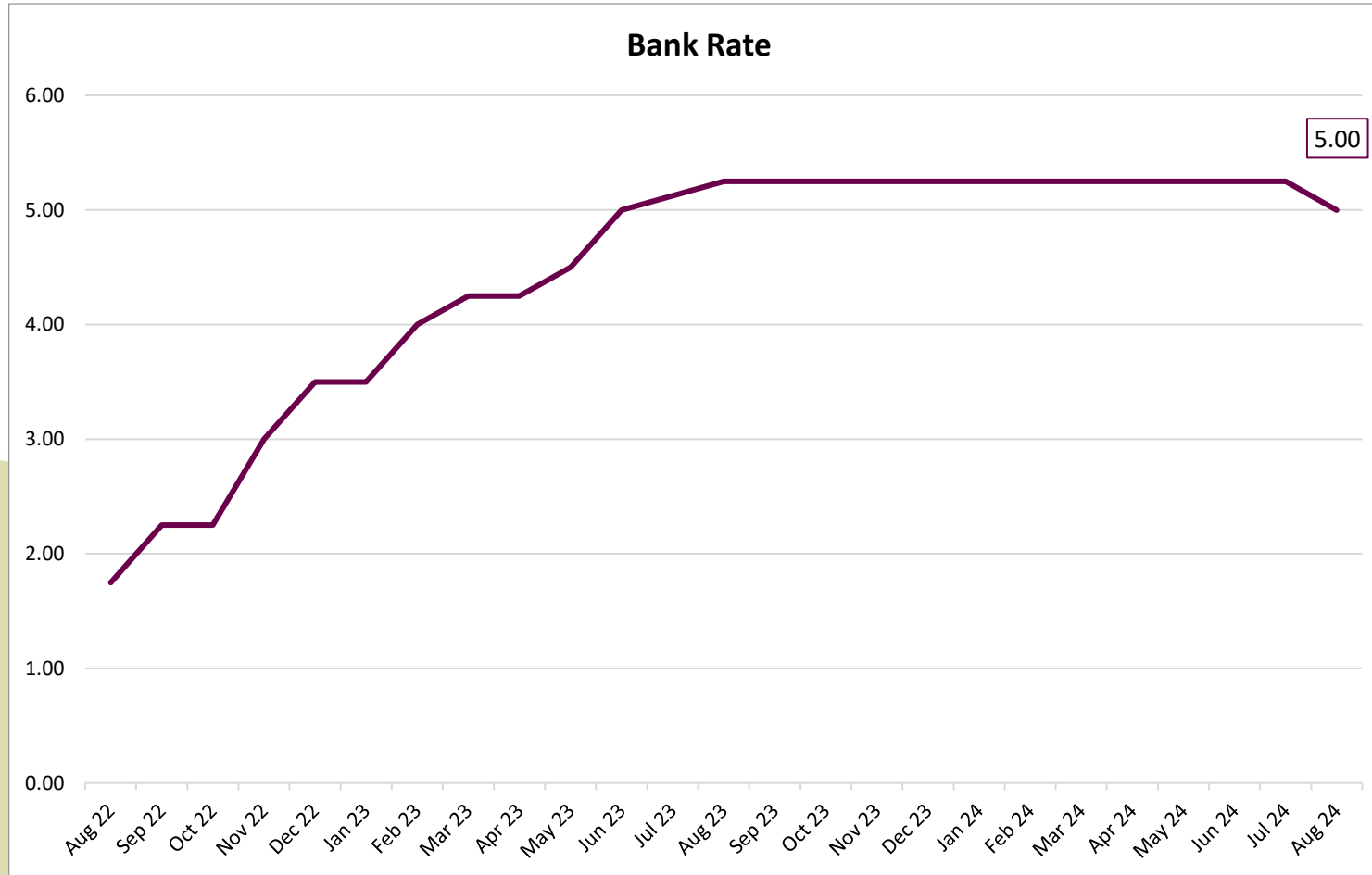
# The UK economy – inflation



- Input prices rose by 0.4% in the year to July whilst output prices rose by 0.8%.
- Consumer inflation was 2.2% in July, up slightly from 2% in June.
- The largest upward contribution came from housing & household service due to utility prices falling less than a year ago. The largest downward contribution came from restaurants where hotel prices fell this year.
- Core CPI (excluding energy, food, alcohol & tobacco) rose by 3.3% in July, down from 3.5% in June.

Source: ONS Monthly inflation releases August 2024

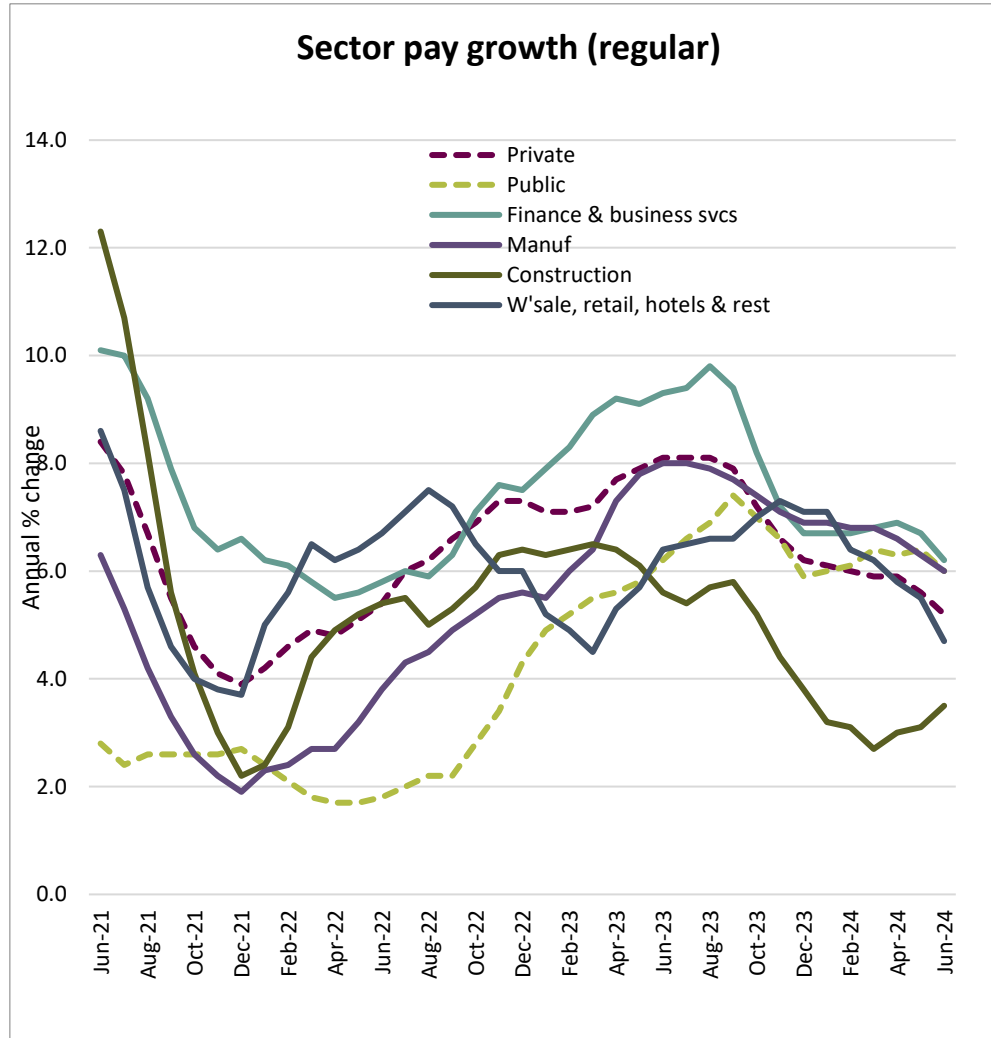
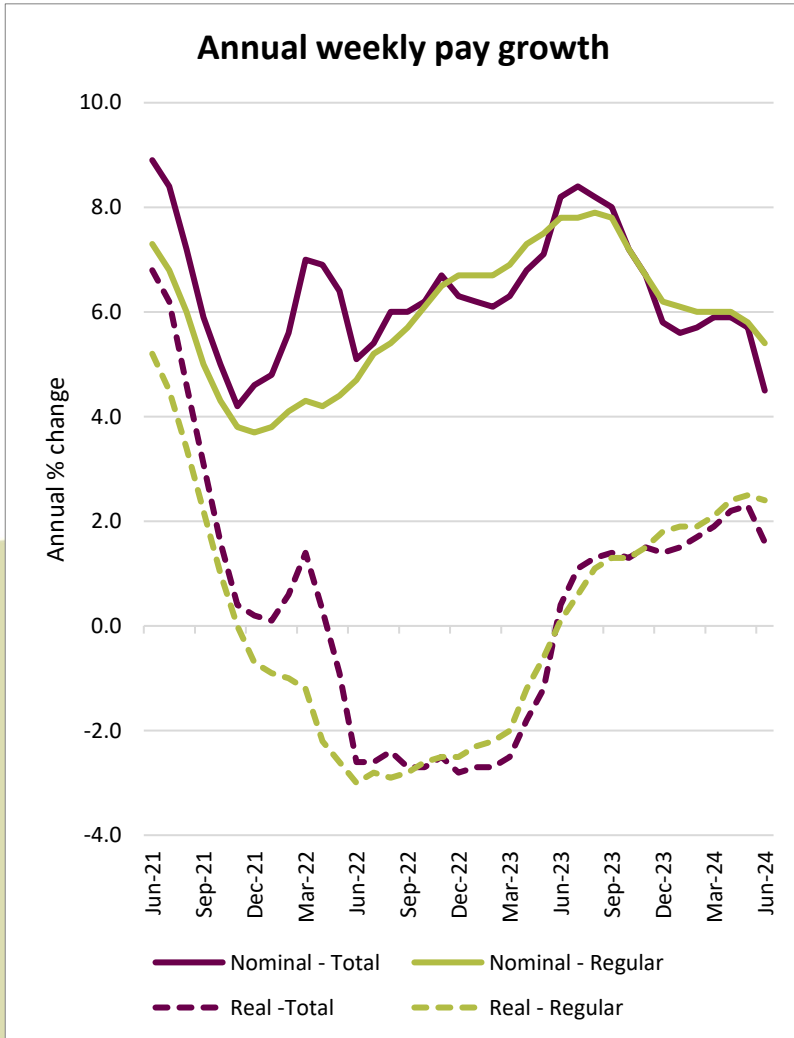
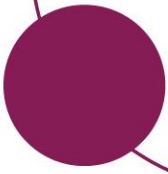
# The UK economy – Bank Rate



- At their meeting on 1<sup>st</sup> August, the Bank of England reduced interest rates to 5.00%, the first drop since March 2020.
- Despite inflation hitting the 2% target, prices are still rising in some service sectors which means the BoE is likely to be cautious about making further cuts too soon.

Source: Bank of England August 2024

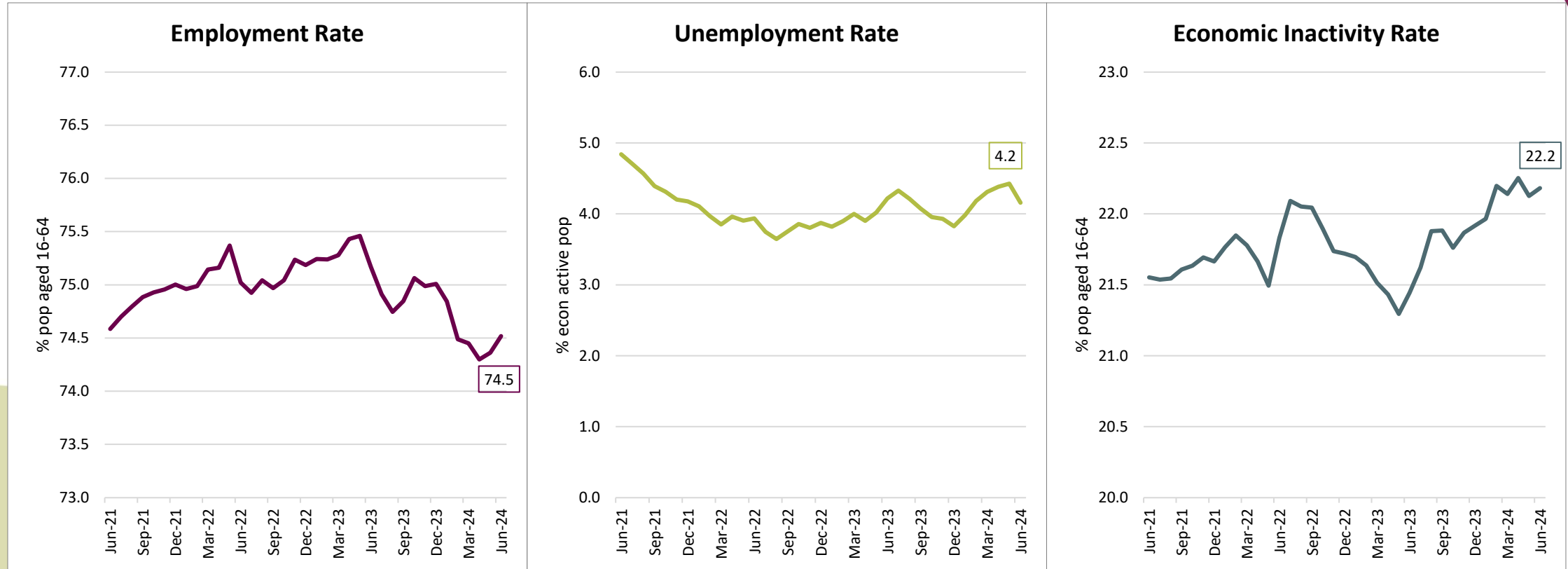
# The UK economy - pay growth



- Regular pay growth (exc bonuses) was 5.4% in June and total pay growth (inc bonuses) was 4.5%.
- When adjusted for inflation, regular pay rose by 2.4% and total pay by 1.6%.
- Private sector pay growth was 5.6% and public sector pay growth was 6.4%.
- The finance & business services sector and the manufacturing sector saw the largest annual regular pay growth at 6.7% and 6.2% respectively

Source: ONS Average Weekly Earnings release August 2024

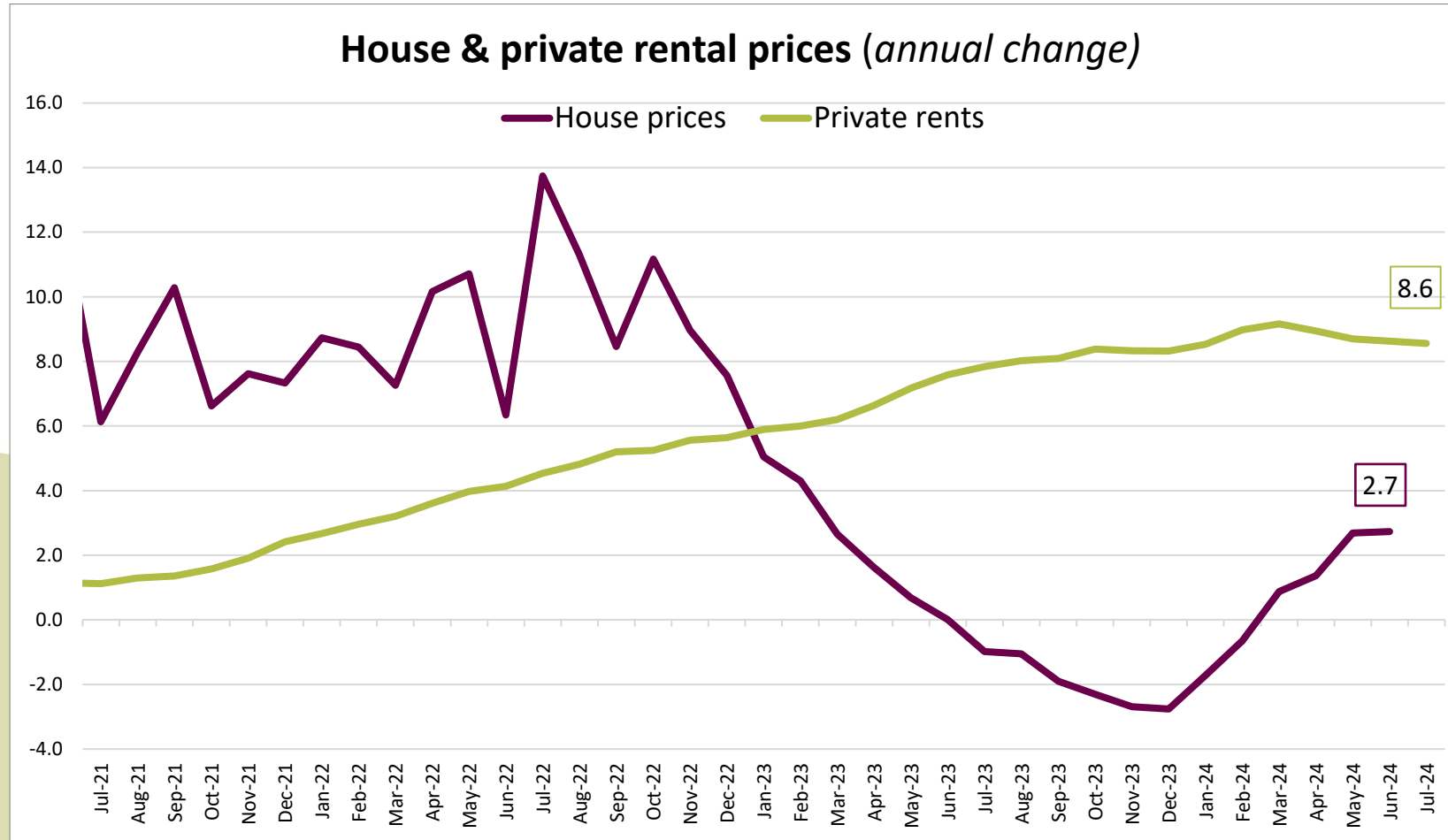
# The UK economy - labour market



- The employment rate was 74.5% in the quarter to June 2024 and remains below estimates for a year ago (-0.7pp).
- The unemployment rate was down slightly to 4.2% (0.1pp lower than a year ago).
- The economic inactivity rate was unchanged at 22.2% (0.7pp higher than a year ago).

Source: ONS UK Labour Market release July 2024

# The UK economy – house & rental prices



Source: ONS Private rent and house prices, August 2024 release

- Average UK rents increased by 8.6% in the 12 months to July 2024, down from the record high of 9.2% in March.
- Average house prices increased by 2.7% in the 12 months to June 2024, unchanged from the previous month.





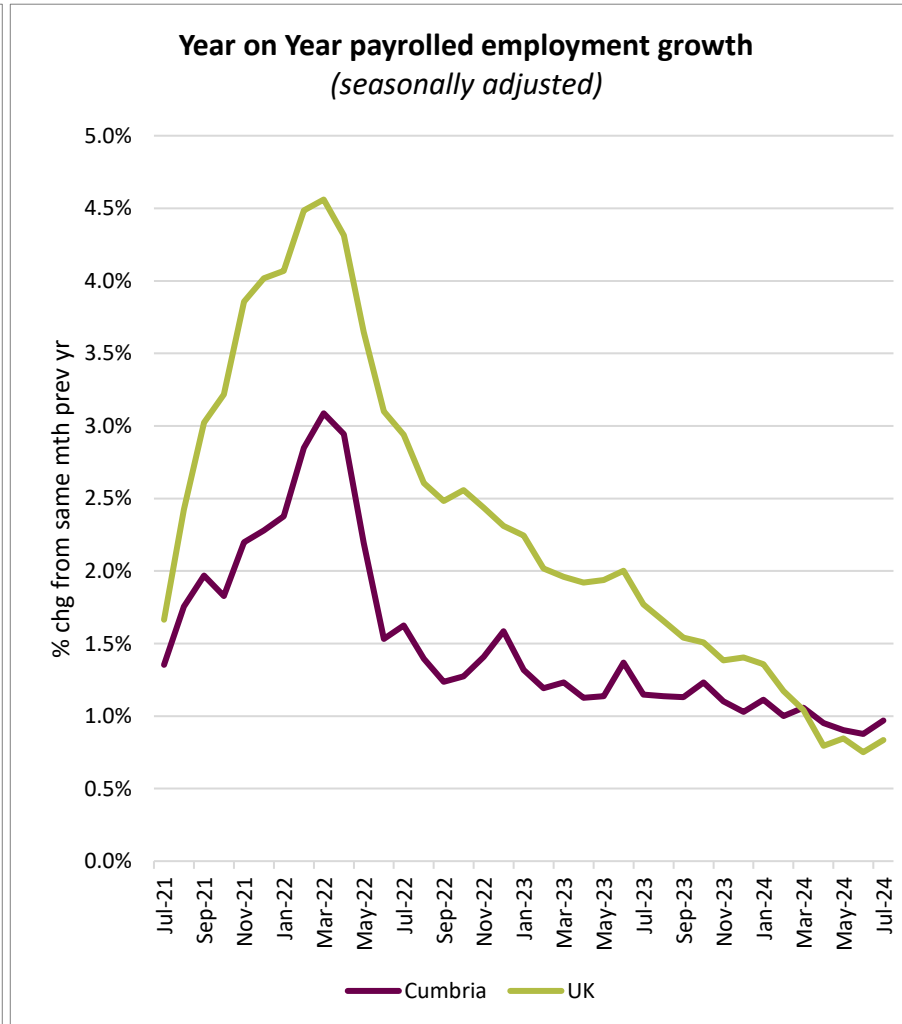
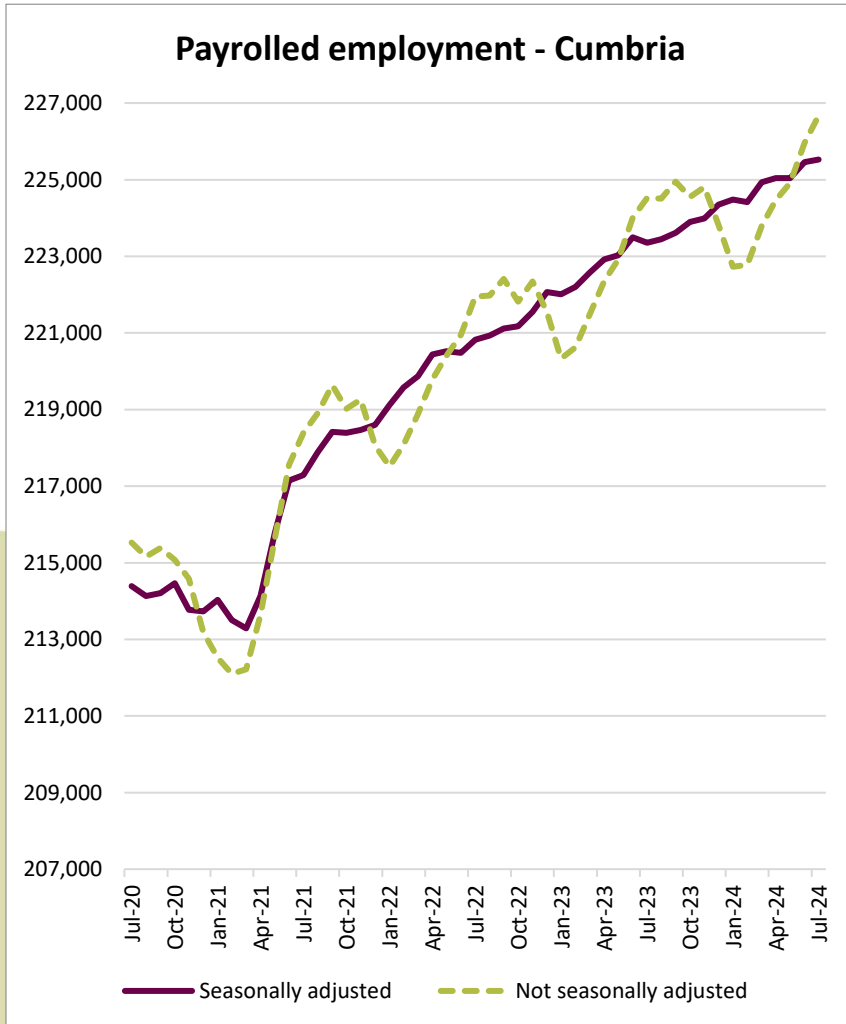
# Cumbrian Economy

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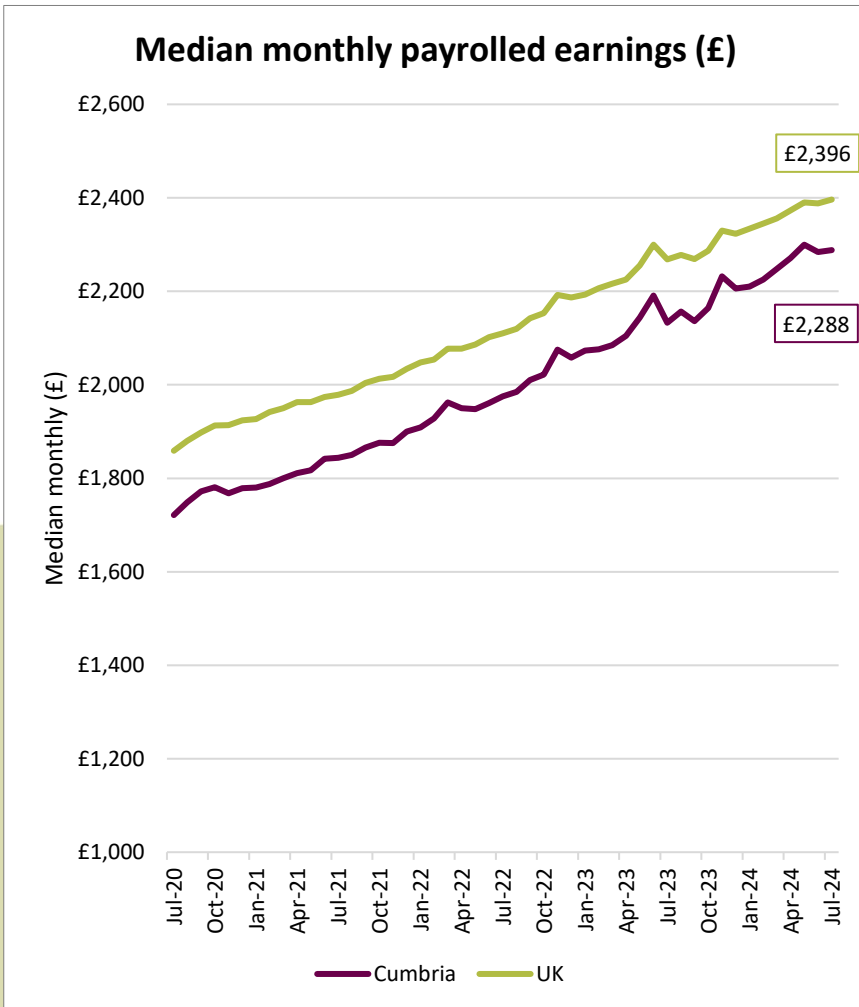
# Cumbria - payrolled employment



- Payrolled employment has been increasing steadily since the pandemic and there were 225,525 residents in payrolled employment in July 2024.
- Employment was 1.0% higher in July than a year ago which is marginally stronger growth than nationally (0.8%).
- Over the longer term however, growth in Cumbria has been slower than nationally – 2.1% since 2022 compared to 2.6% for the UK.

Source: ONS/HMRC August 2024 release

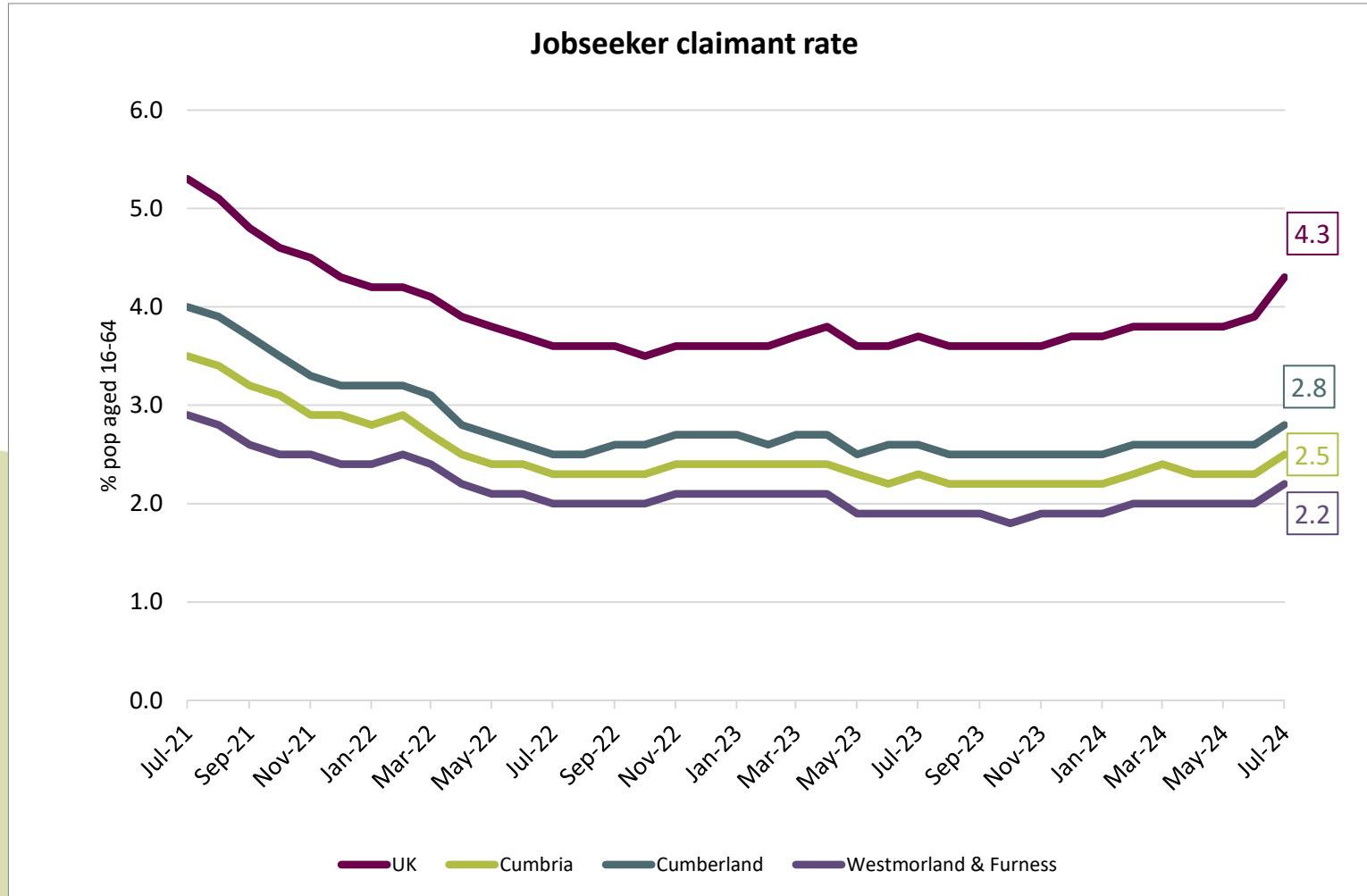
# Cumbria - payrolled earnings



- Payrolled earnings are lower in Cumbria than nationally but the gap has narrowed slightly since the pandemic with higher growth locally than nationally.
- Employee pay in Cumbria in July was 15.8% higher than in 2022 compared to 13.6% growth nationally.
- Over the past year, pay growth has continued to be stronger at 7.3% in Cumbria compared to 5.6% for the UK.

Source: ONS/HMRC August 2024 release

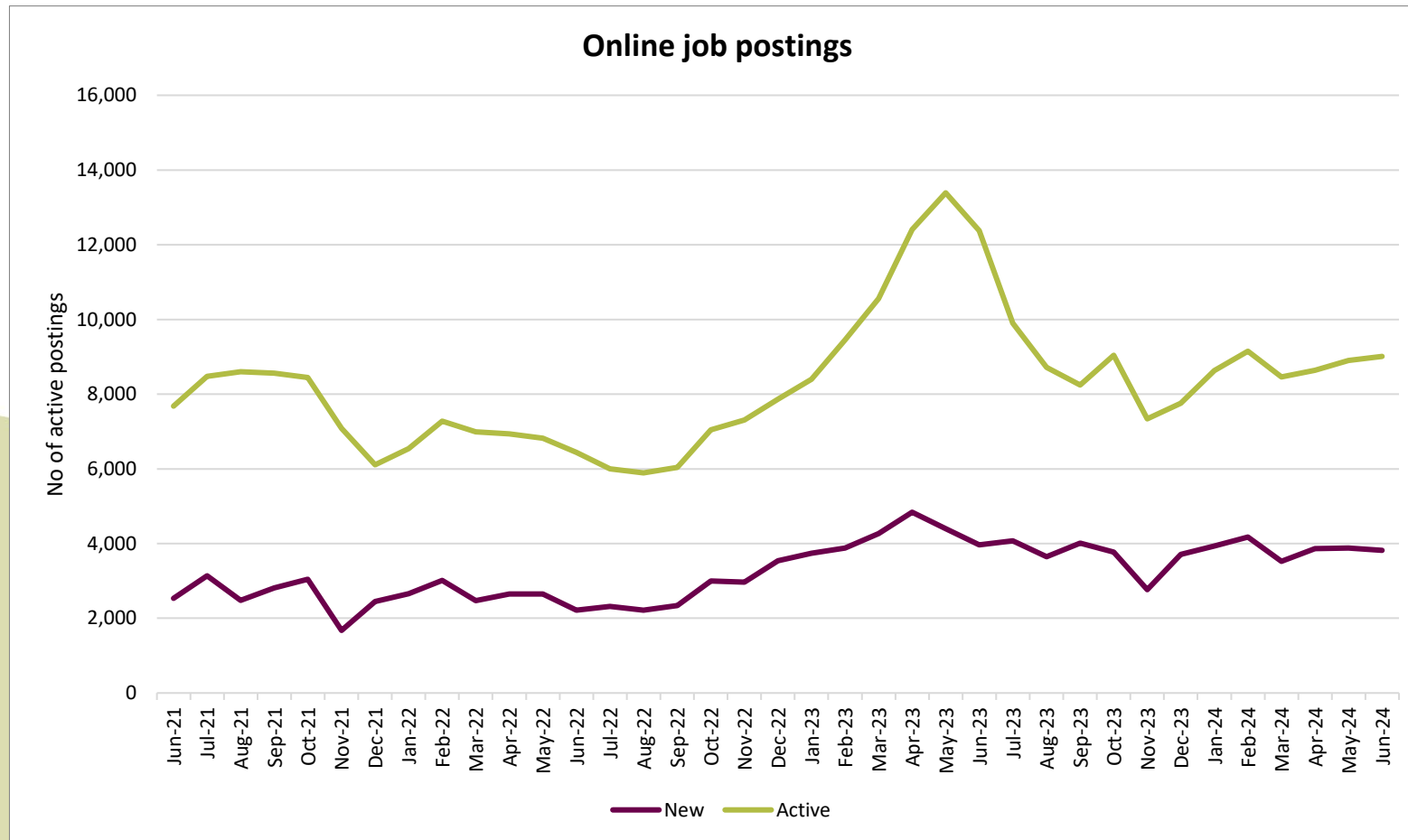
# Cumbria – claimant unemployment



- Labour supply continues to be very tight with claimant rates low across Cumbria compared to the UK.
- Claimant volumes have been rising nationally but have fluctuated in Cumbria recently (not unusual in our labour market).
- NB: The uptick in July has been impacted by administrative changes by DWP which mean more claimants are deemed to be actively seeking work.
- Despite the July increase, the claimant rate remains low at 2.5%, well below the national rate of 4.3%. That is especially true in more rural areas – just 2.0% among residents in Eden and 1.6% in South Lakeland.

Source: ONS August 2024 release (via Nomis)

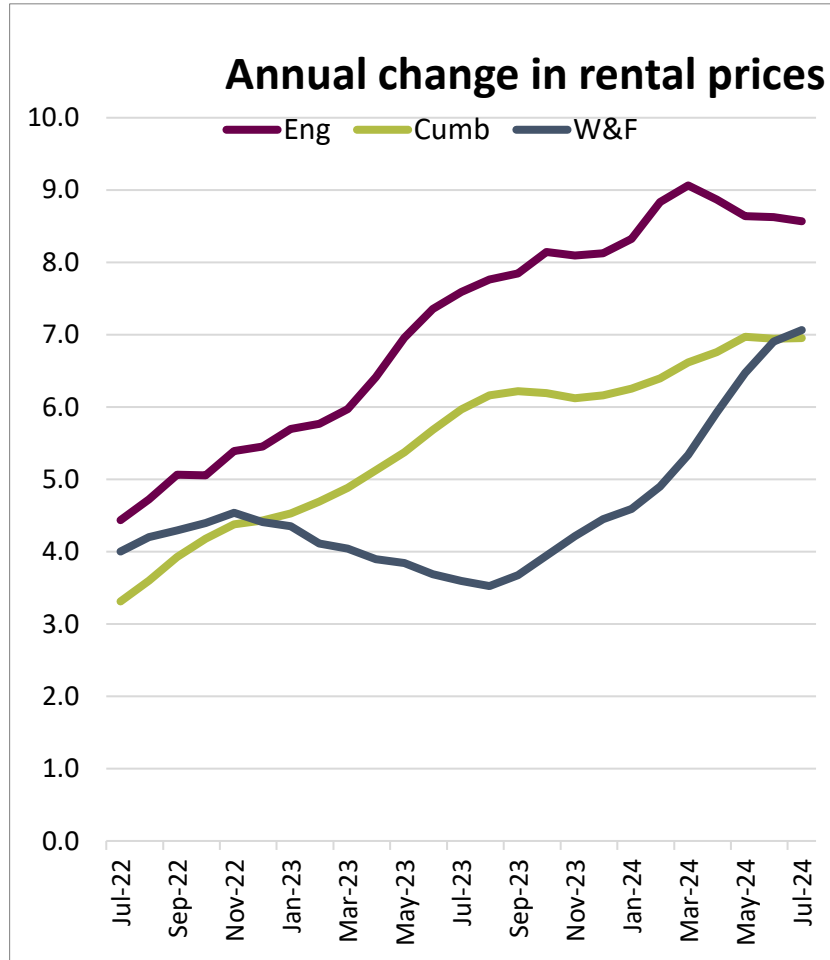
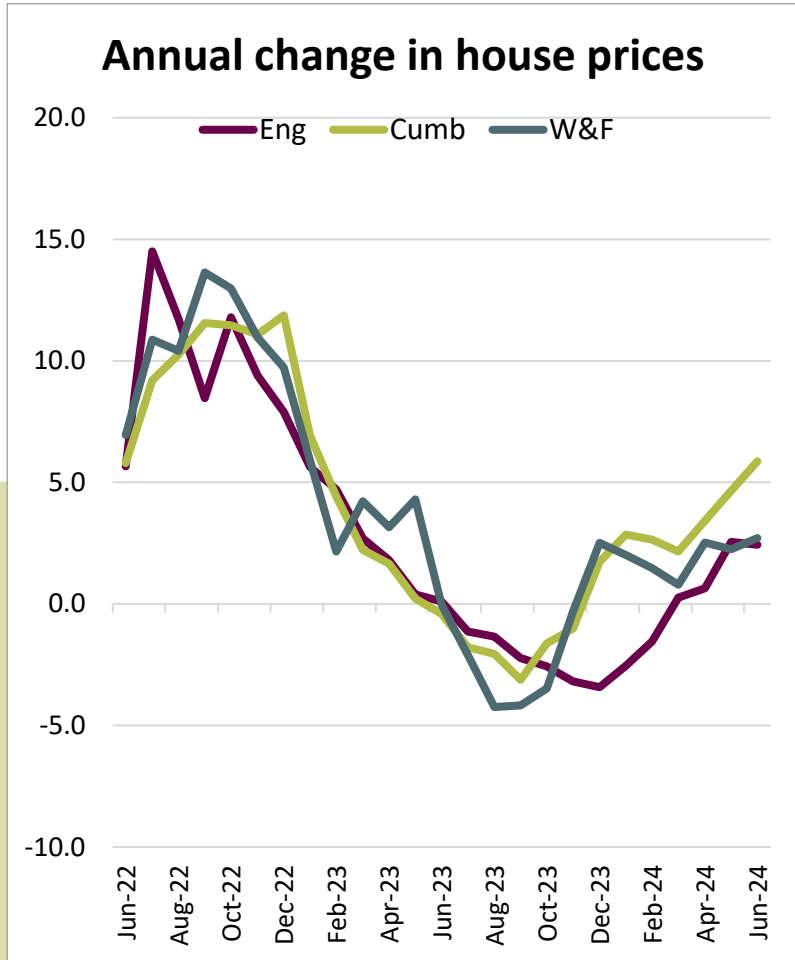
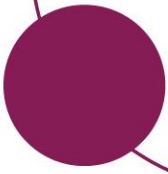
# Cumbria – online job postings



- Increased demand at the start of the year slowed in early spring and has been relatively stable since.
- Active postings rose slightly in July but were considerably lower than a year ago and the number of newly posted vacancies actually fell slightly.
- Health, retail and hospitality are the top 3 recruiting sectors.

Source: Lightcast™

# Cumbria – house & rental prices



- Average house prices in Cumbria are lower than England – 56% of the England average in Cumberland and 72% in Westmorland & Furness.
- House prices had fallen at the start of the year locally but have recovered slightly since with recent growth in Cumberland outstripping the England rate.
- The average house price in June 2024 was £169,612 in Cumberland and £220,884 in Westmorland & Furness (UK £287,924).
- 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 July 2024 was £583 in Cumberland and £717 in Westmorland & Furness (England £1,319).

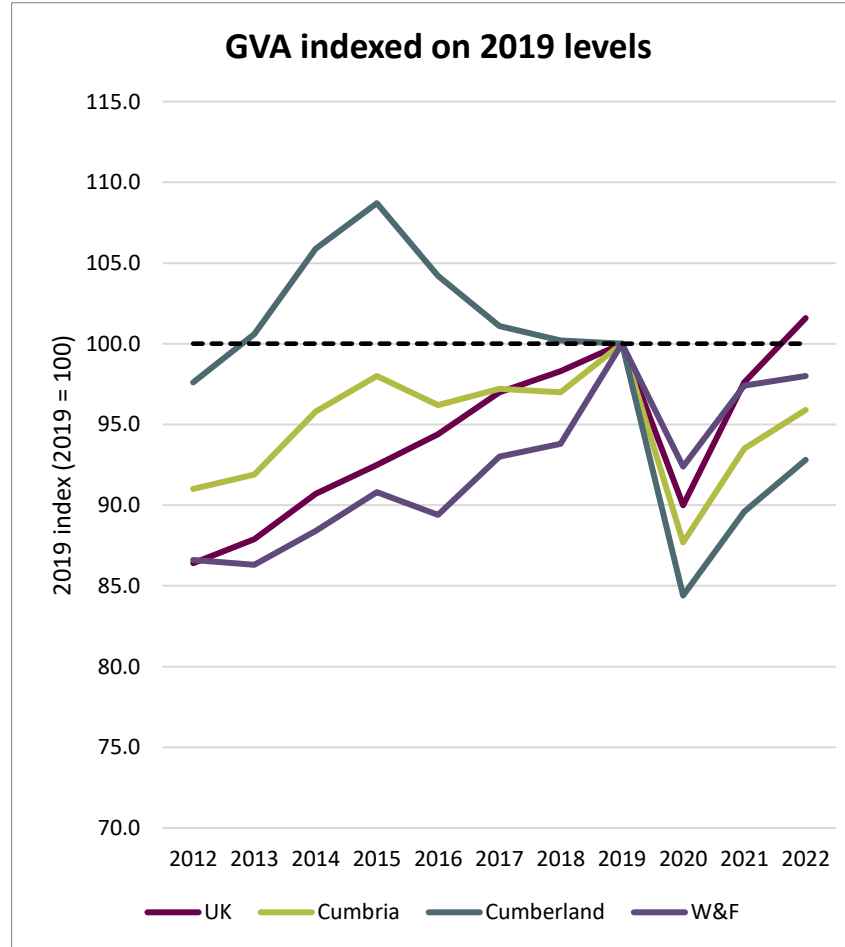
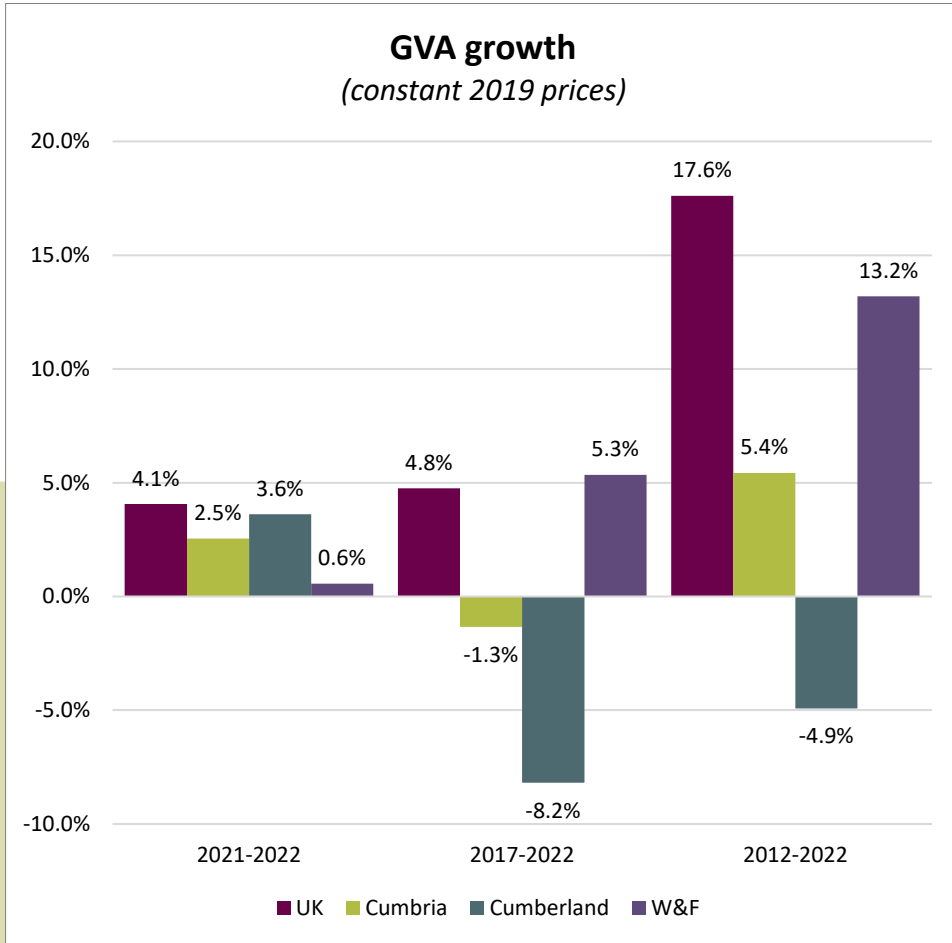
Source: ONS Private rent and house prices, August 2024 release

# Cumbria – business trends

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 stable and slightly higher than a year ago.
- Dissolved/in liquidation counts stable and broadly similar to last year.
- Lower proportion of businesses with financial “red flags” than nationally.
- Business ‘birth’ & ‘death’ rates (per capita) both lower than the UK.
- Business ‘survival’ to 3 years similar to the UK.

# Economic output (GVA) - 2022

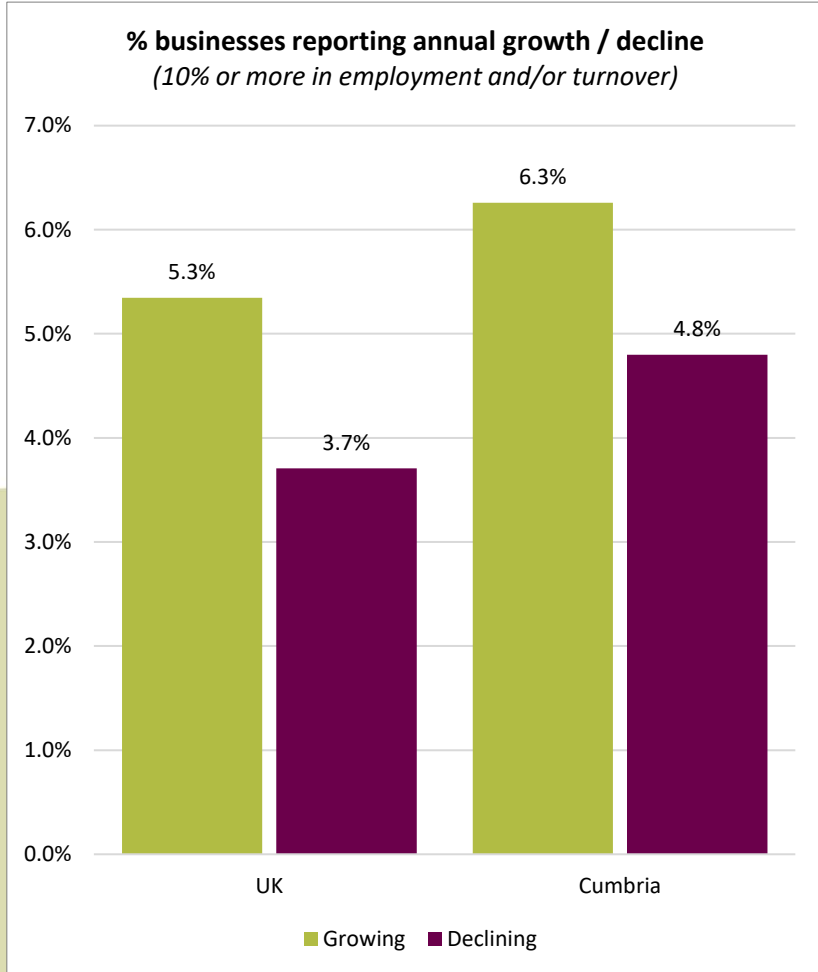


- Cumbria's GVA in 2022 was estimated to be £13.26m.
- In constant prices GVA grew by 2.5% in 2022 compared to the previous year, well below the national growth of 4.1%.
- Growth has been even worse relative to the UK over 5 and 10 years.
- Cumbria's output in 2022 (in constant prices) was lower than in 2019 and the lowest it's been since 2014.

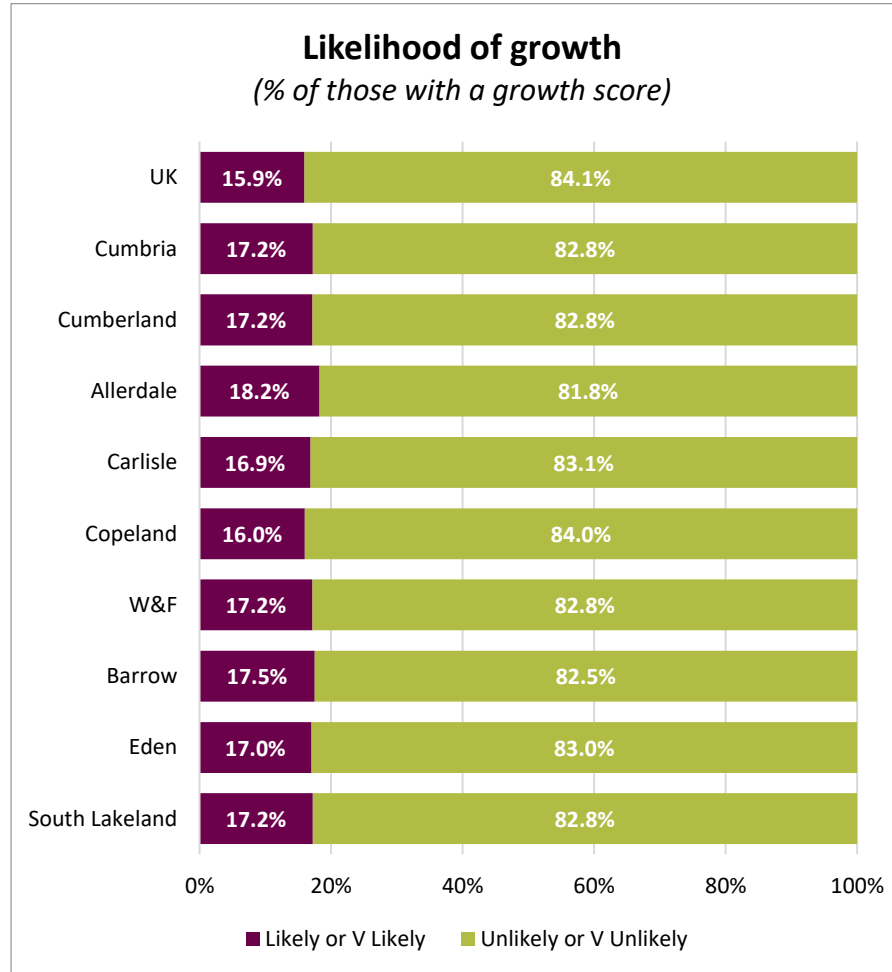
Source: ONS Regional Economic Activity 2008-2022, released April 2024



# Business growth



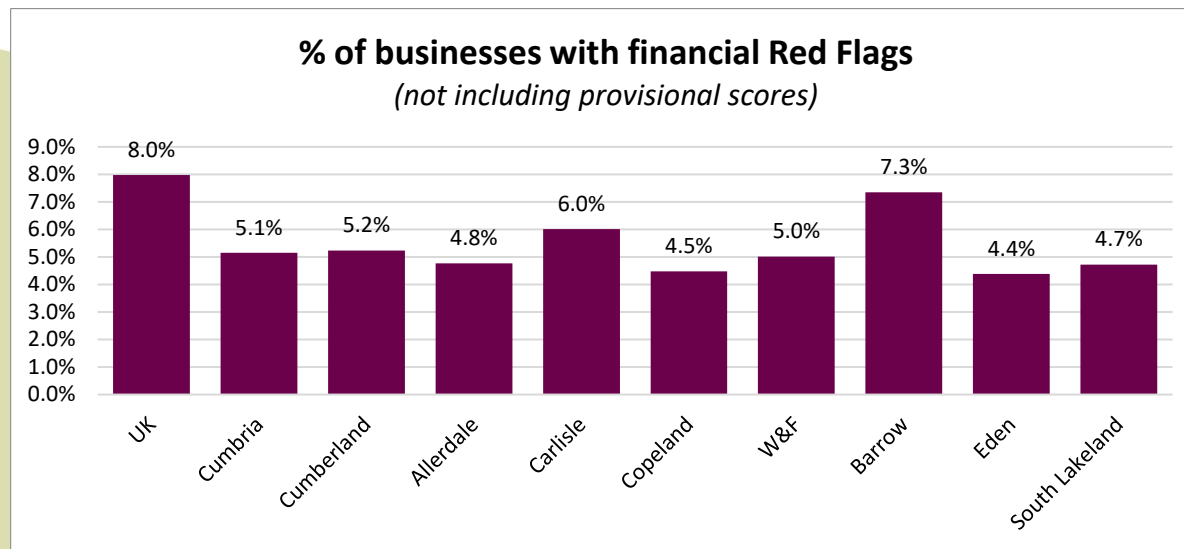
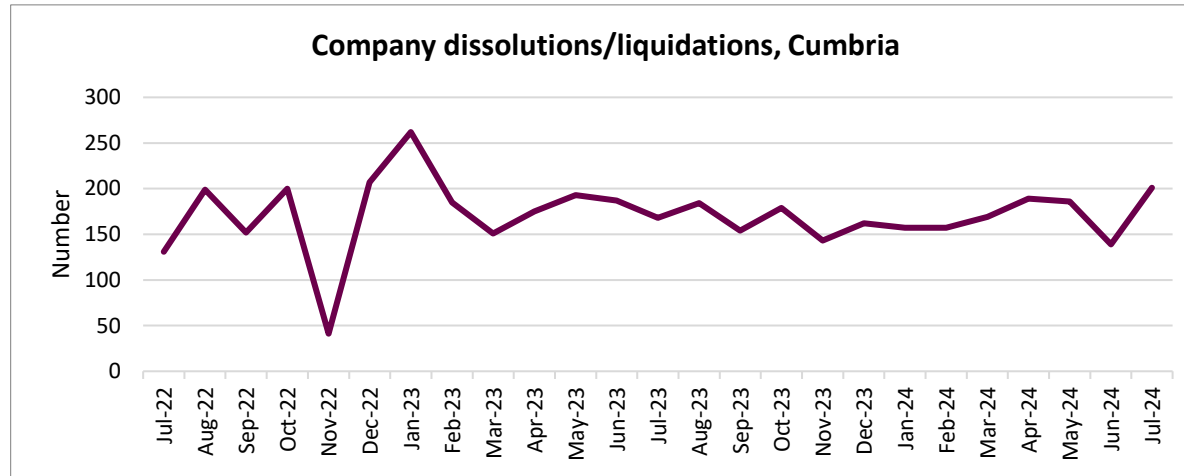
Source: FAME July 2024



Source: Red Flag Alert July 2024

- Cumbria has relatively more businesses reporting growth (in employment and/or turnover) than nationally but also a relatively more reporting a decline.
- Cumbria has slightly more businesses rated as having the potential to grow than nationally (17.2% v 15.9%).

# Business risk



- There were 201 business dissolutions/insolvencies in July (195 dissolved, 6 insolvent).
- The average to date in 2024 is slightly down on 2022 and 2023.
- A lower proportion of businesses in Cumbria have financial red flags than nationally – 5.1% v 8.0%.
- Barrow had the highest proportion of businesses with red flags in July at 7.3%.

Sources: FAME and Red Flag Alert July 2024