



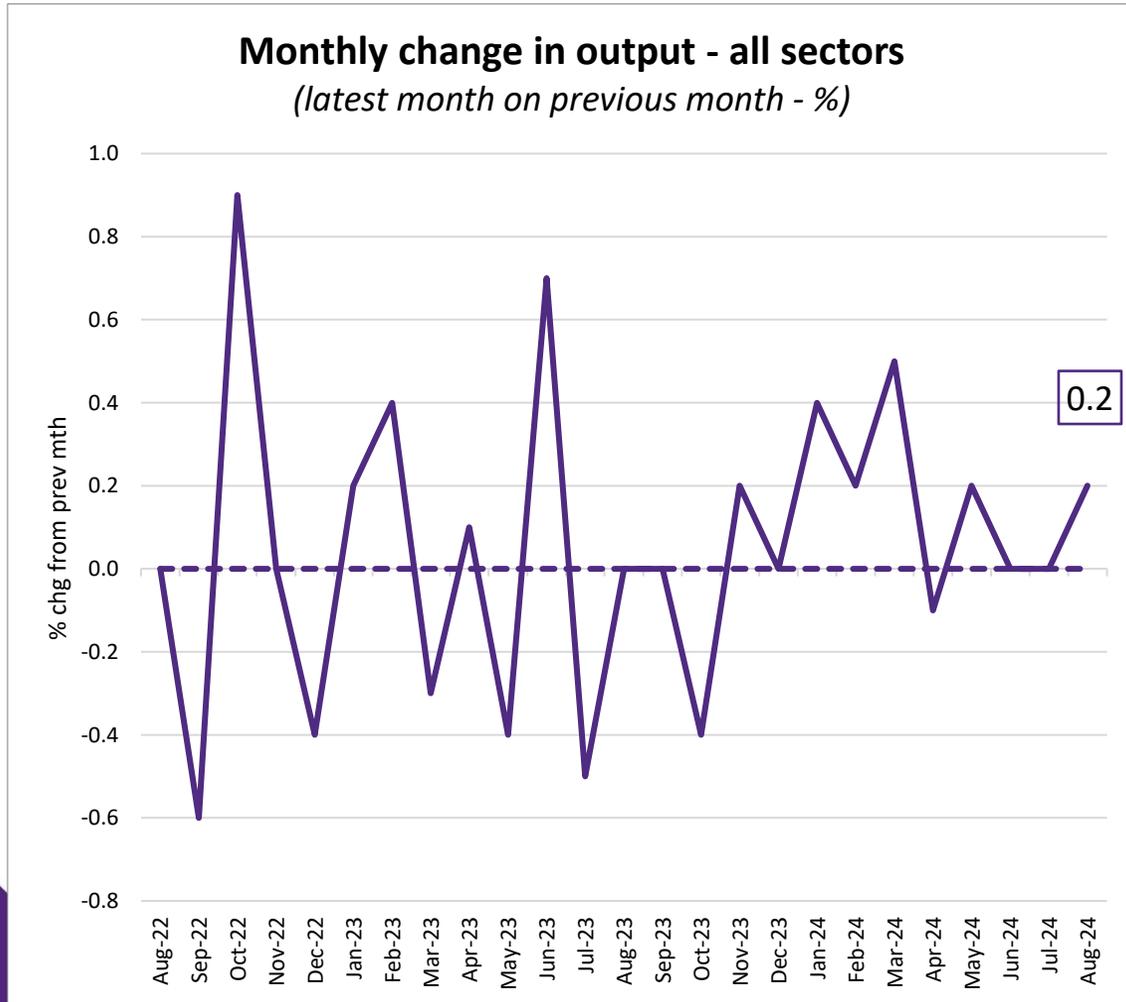
# Economy Overview October 2024

Prepared by Ginny Murphy  
*Cumberland Council*

# The National Economy

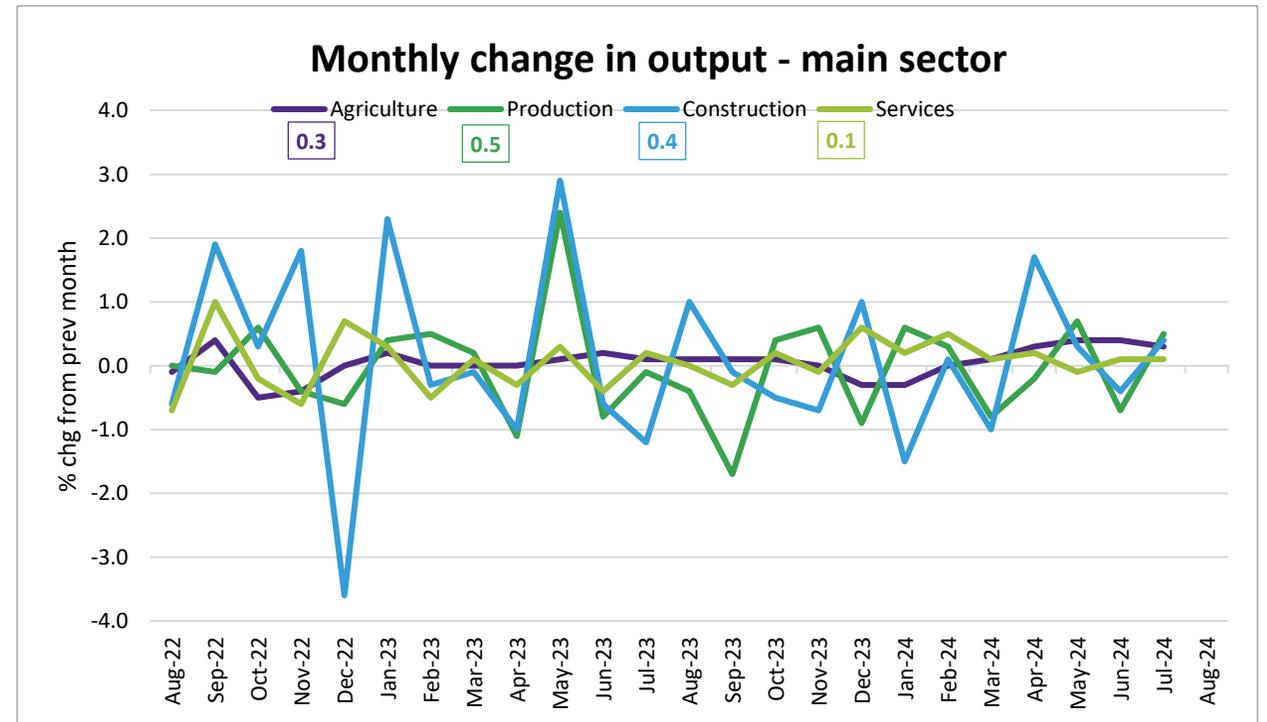


# The UK economy – economic output



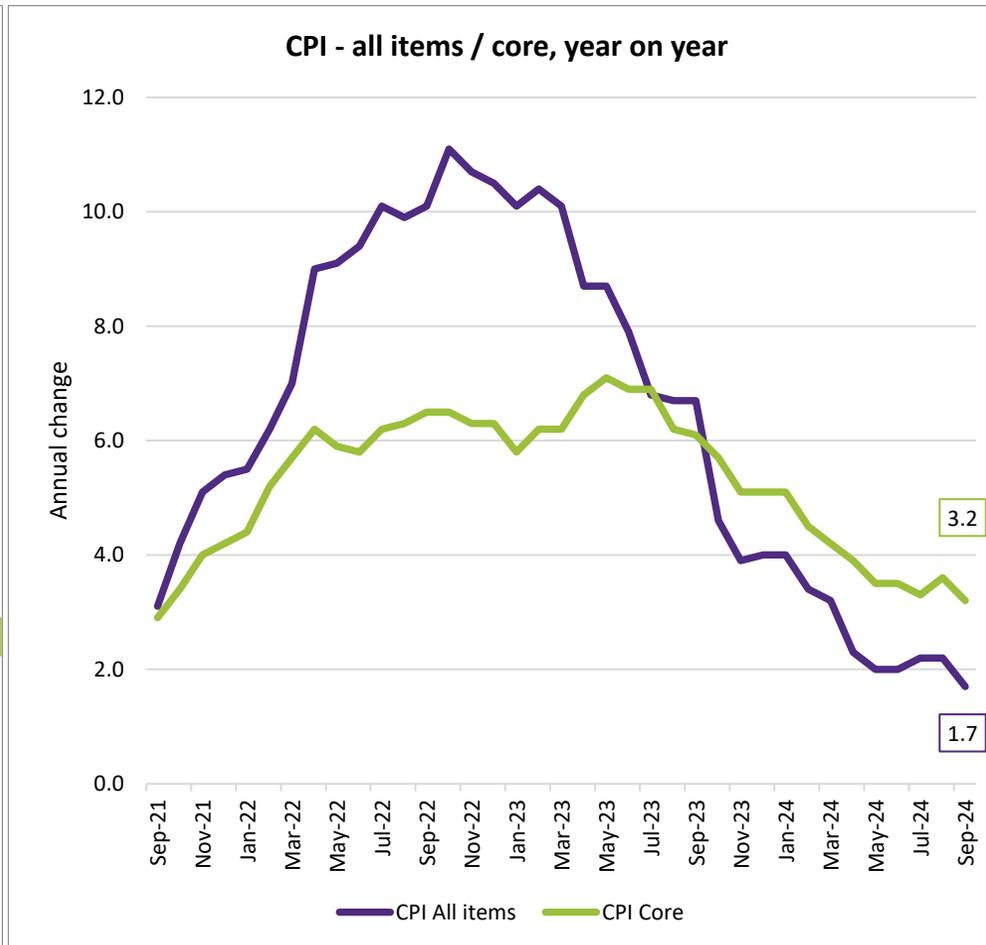
Source: ONS Monthly GDP, Oct 2024 release

- Monthly output increased by 0.2ppt in August and by a similar amount over the quarter.
- Services output grew by 0.1% (+0.1% over the quarter).
- Production output grew by 0.5% (0.0% over the quarter).
- Construction output grew by 0.4% (+1.0% over the quarter).



Source: ONS Monthly GDP, Oct 2024 release

# The UK economy – inflation

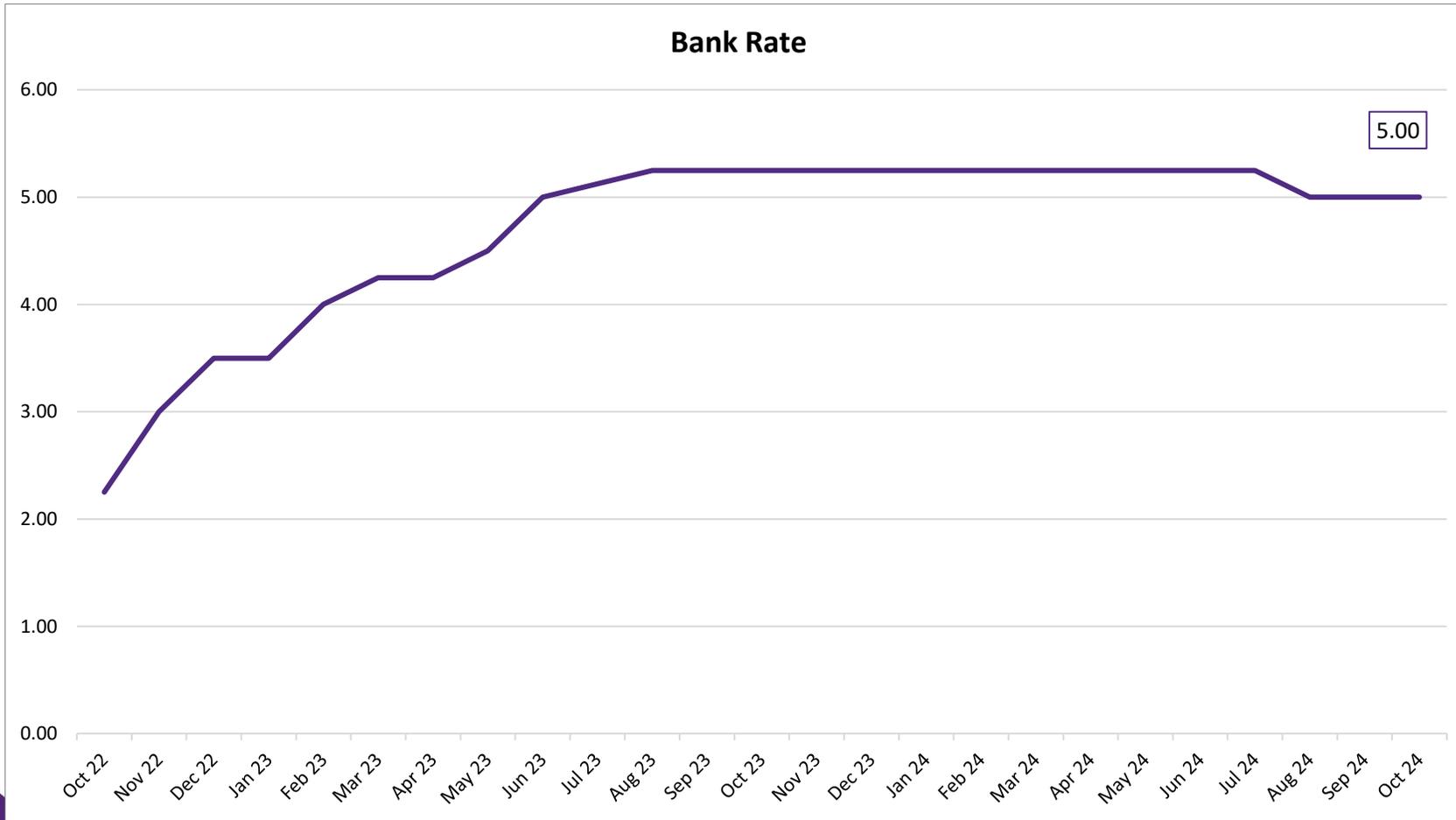


- Input prices fell by 2.3% in the year to Sept whilst output prices fell by 0.7%.
- Consumer inflation was 1.7% in Sept, down from 2.2% in Aug.
- The largest downward contributions came from transport, air fares and motor fuels with the main upward contribution coming from food and non-alcoholic beverages.
- Core CPI (excluding energy, food, alcohol & tobacco) rose by 3.2% in Sept, down from 3.6% in Aug.

Source: ONS Monthly inflation, Oct 2024 release



# The UK economy – Bank Rate

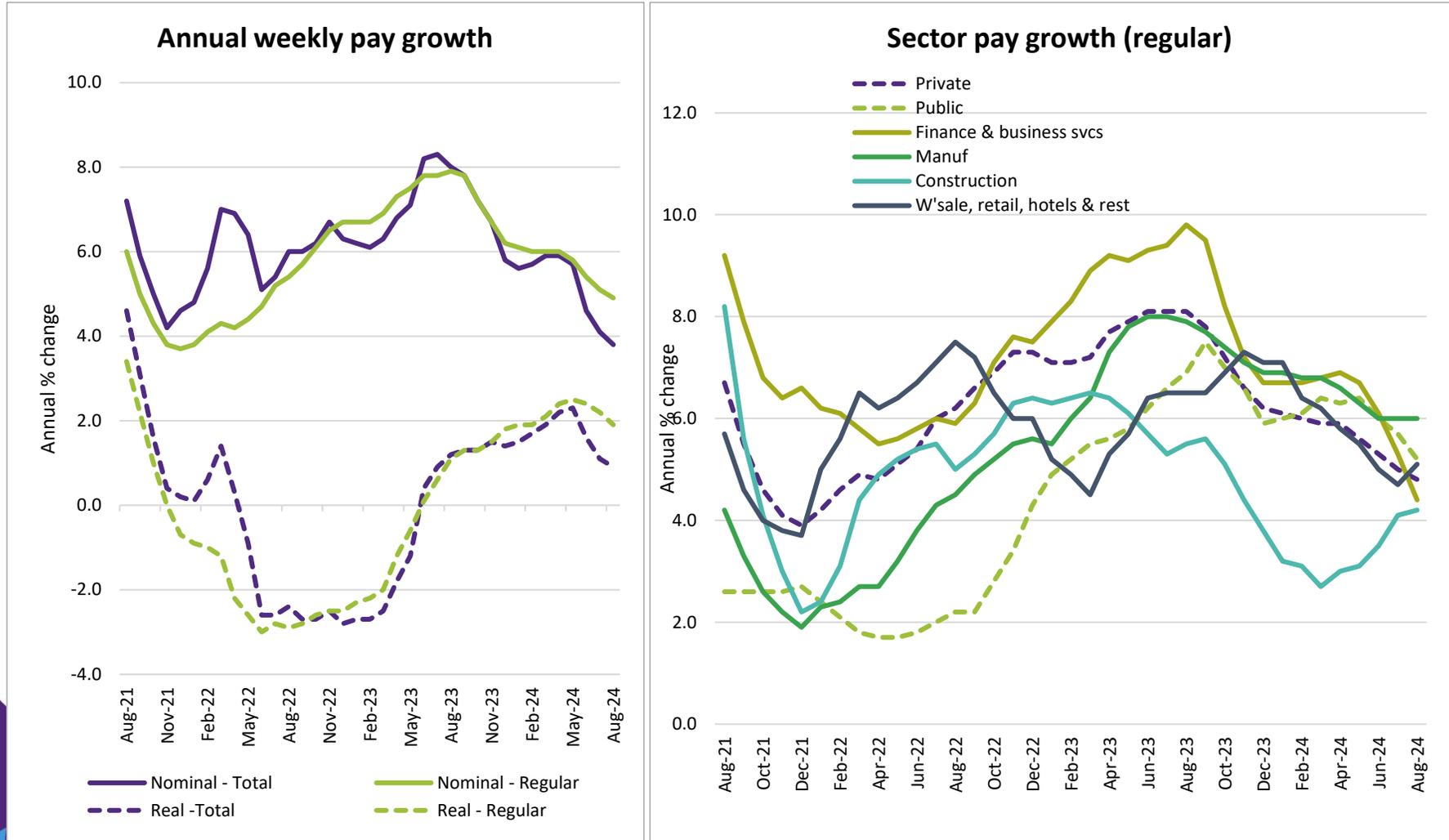


- At their meeting on 19<sup>th</sup> Sept, the Bank of England held interest rates to 5.00%.
- They are widely expected to cut the rate by 0.25ppt when they meet again on 7<sup>th</sup> Nov.

Source: Bank of England, Oct 2024



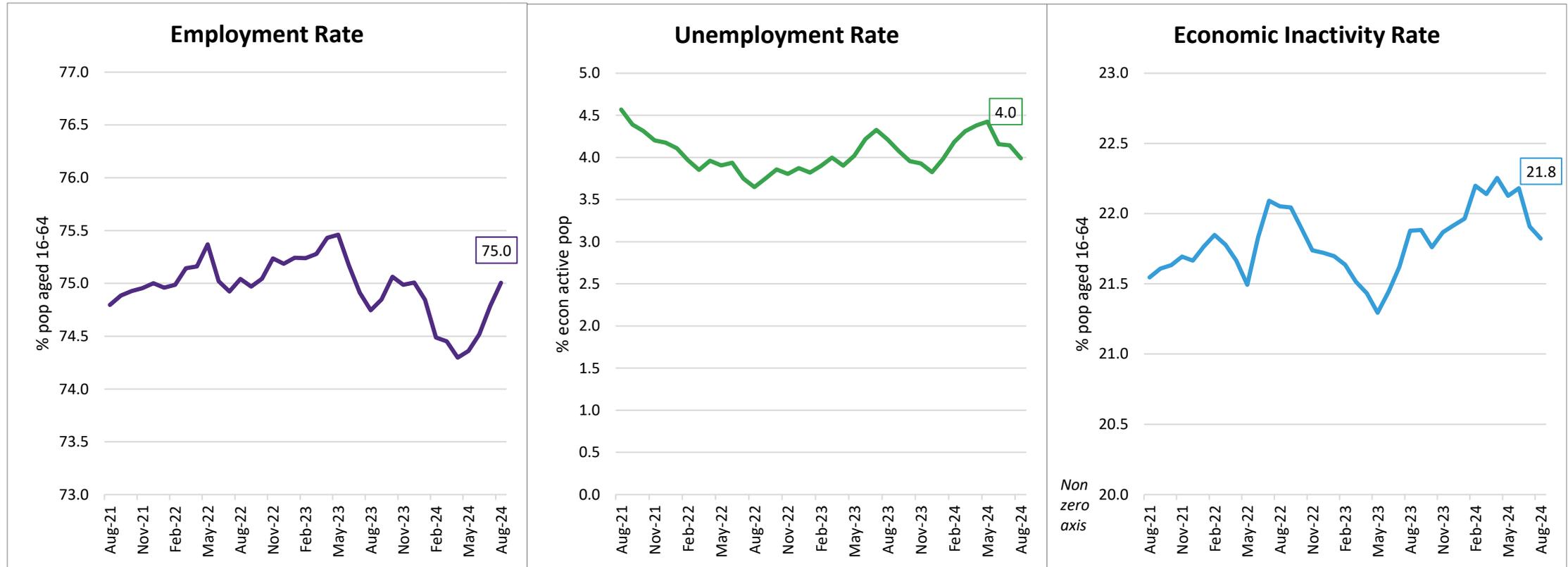
# The UK economy – pay growth



Source: ONS Average Weekly Earnings, Oct 2024 release

- Regular pay growth (exc bonuses) was 4.9% in Aug and total pay growth (inc bonuses) was 3.8%.
- When adjusted for inflation, regular pay rose by 1.9% and total pay by 0.9%.
- Private sector pay growth was 4.8% and public sector pay growth was 5.2%.
- Manufacturing sector saw the largest annual regular pay growth at 6.0% and construction the lowest at 4.2%.

# The UK economy – labour market

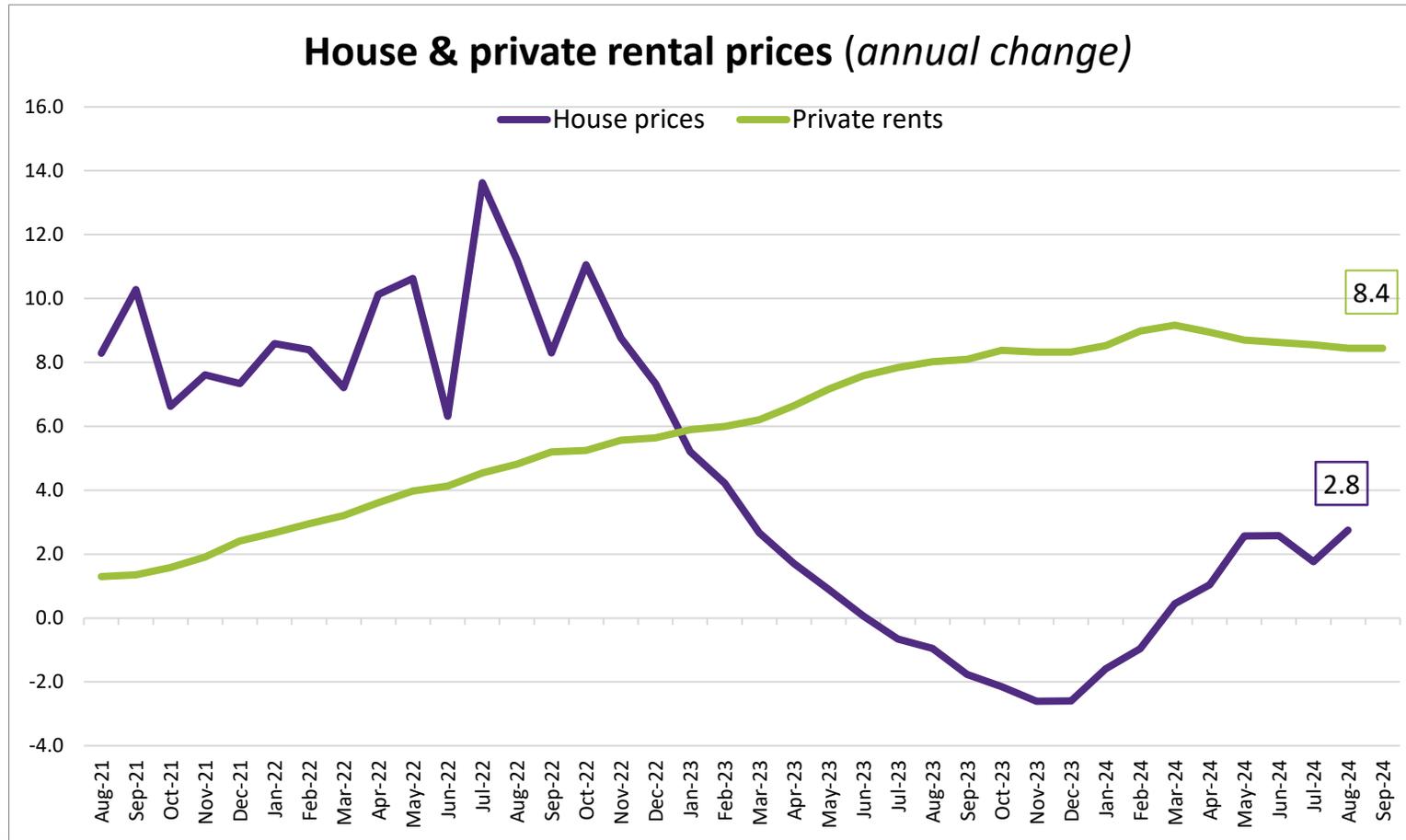


- The employment rate increased to 75.0% in the quarter to Aug 2024 and is now slightly higher than a year ago.
- The unemployment rate was down slightly to 4.0%, 0.2pp lower than a year ago.
- The economic inactivity rate was down to 21.8%, 0.1pp lower than a year ago.

Source: ONS UK Labour Market, Oct 2024 release



# The UK economy – house & rental prices



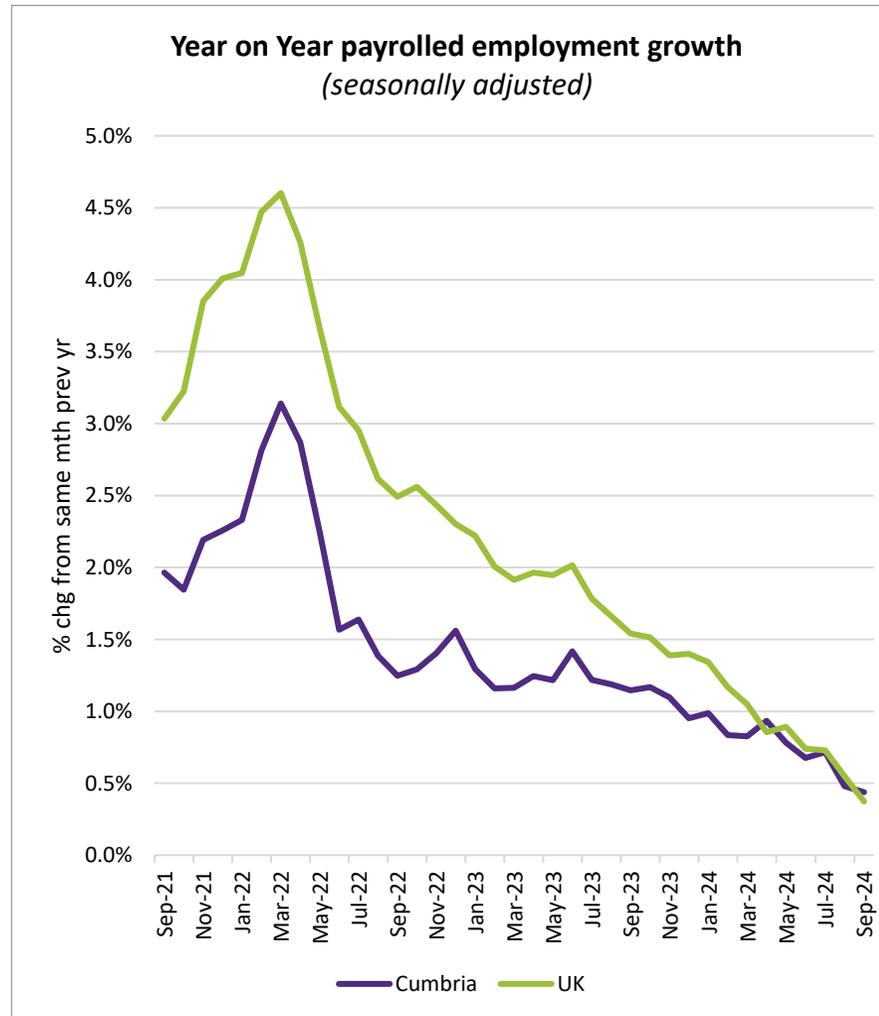
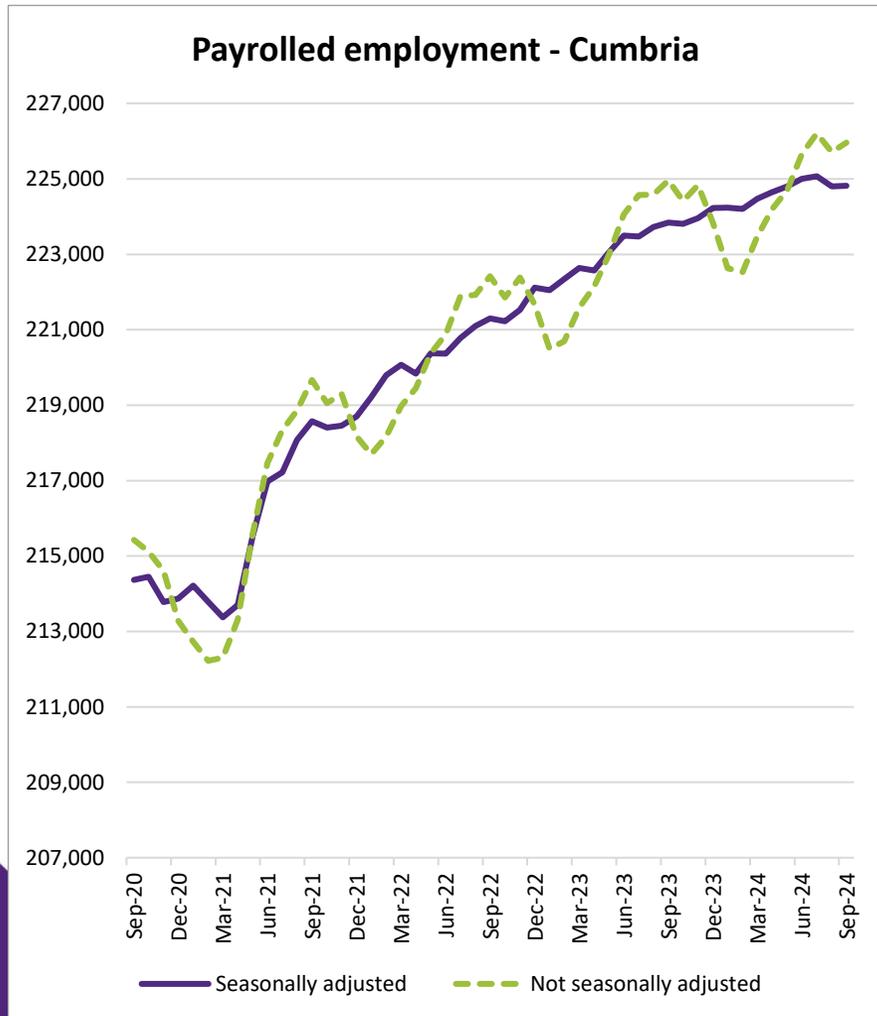
Source: ONS Private rent and house prices, Oct 2024 release

- Average UK rents increased by 8.4% in the 12 months to Sept 2024, down from the record high of 9.2% in March.
- Average house prices increased by 2.8% in the 12 months to Aug 2024, up from 1.8% the previous month.

# The Cumbrian Economy



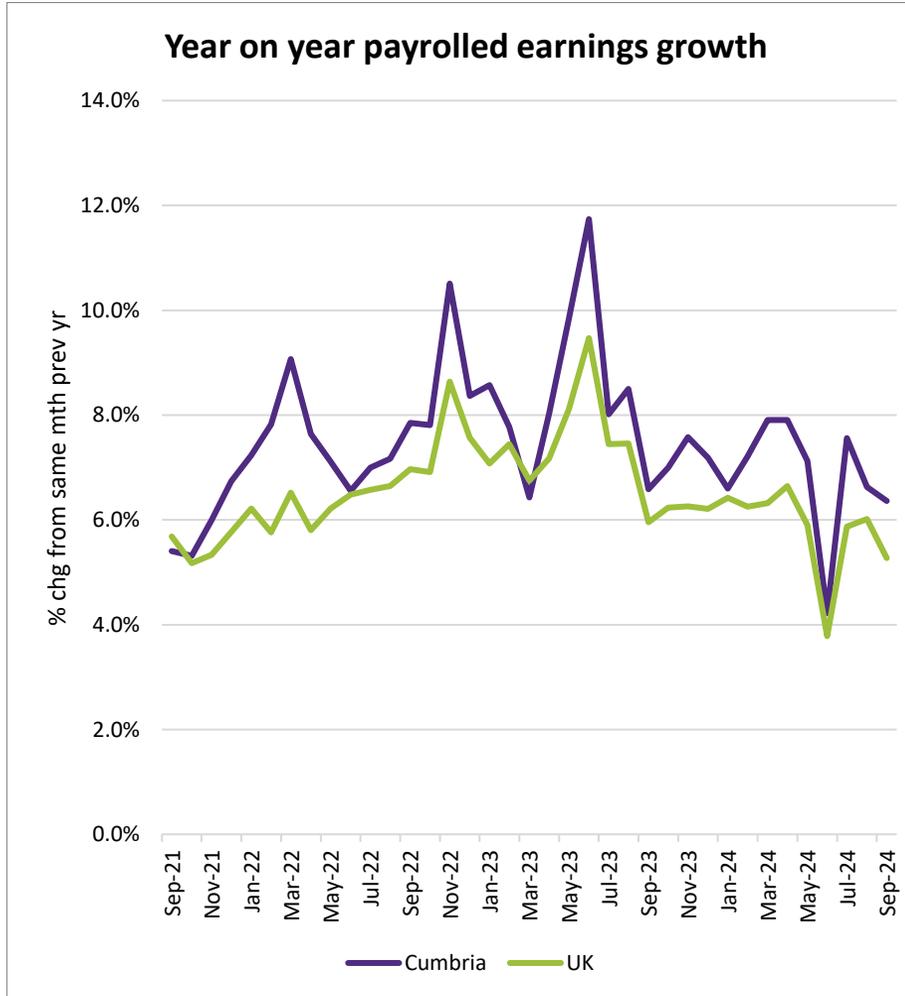
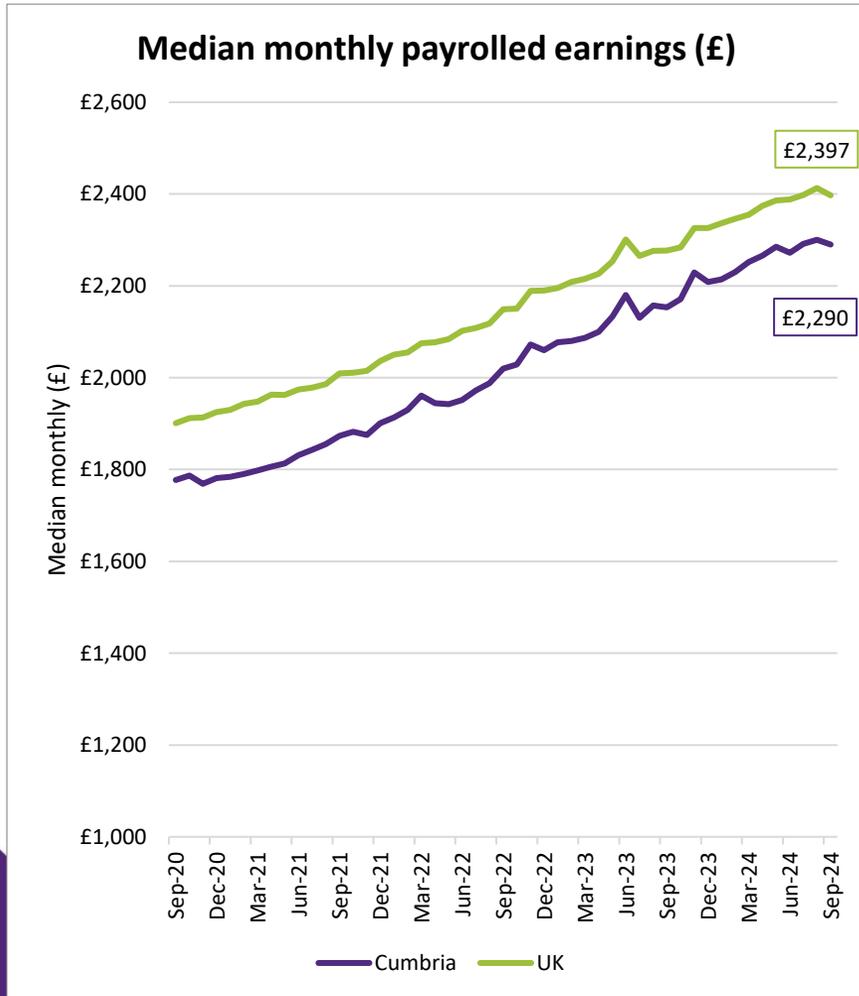
# Cumbria – payrolled employment



- Payrolled employment has been increasing steadily since the pandemic and there were 224,817 residents in payrolled employment in Sept 2024.
- Employment was 0.4% higher than a year ago which is similar to nationally (also 0.4%).
- Over the longer term, growth in Cumbria has been slower than nationally at 1.6% since 2022 compared to 1.9% for the UK.

Source: ONS/HMRC, Oct 2024 release

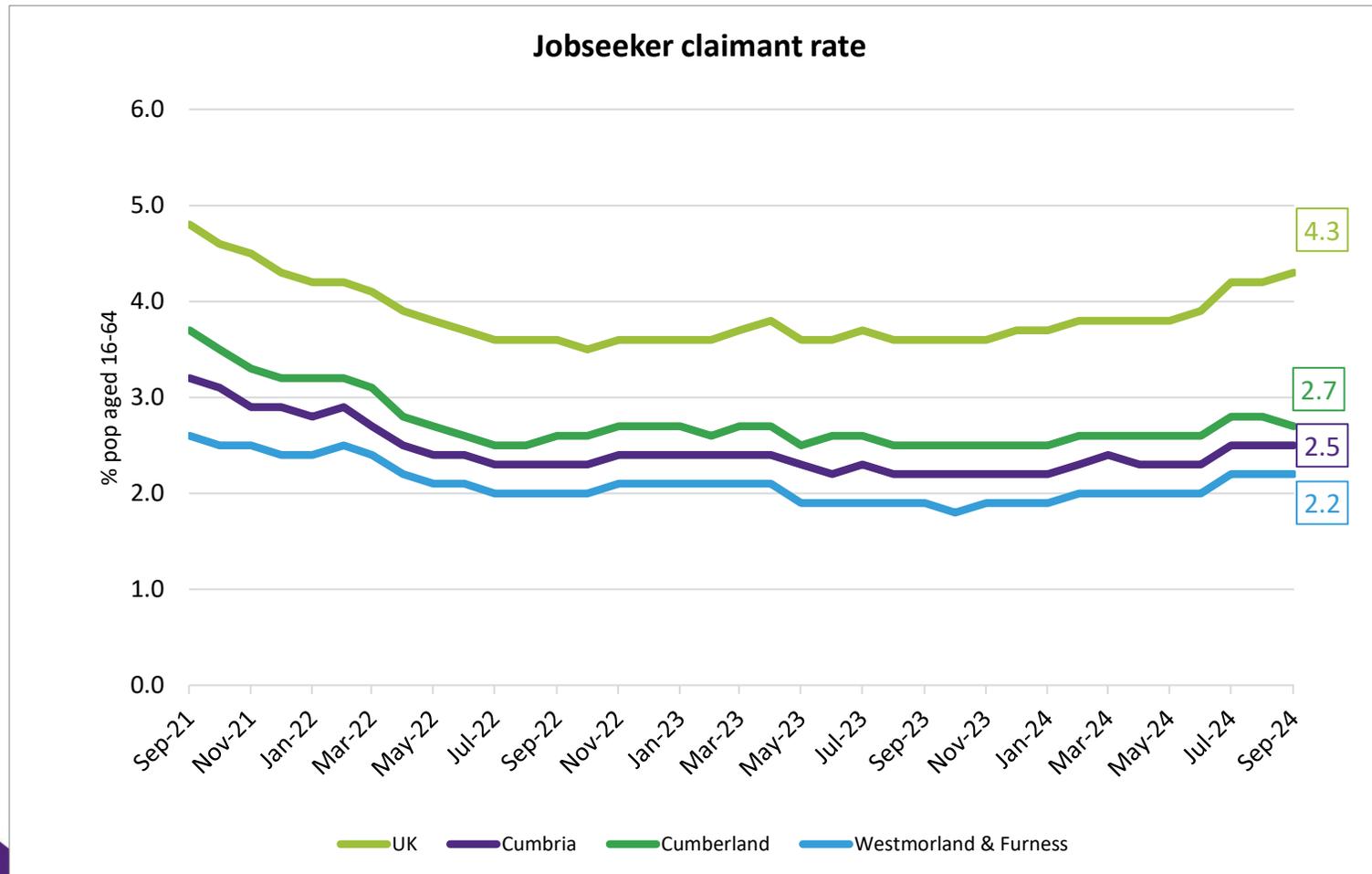
# Cumbria – payrolled earnings



- 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 6.4% in Cumbria compared to 5.3% for the UK.
- Over a longer period, employee pay in Cumbria in Sept was 13.4% higher than in 2022 compared to 11.5% growth nationally.

Source: ONS/HMRC, Oct 2024 release

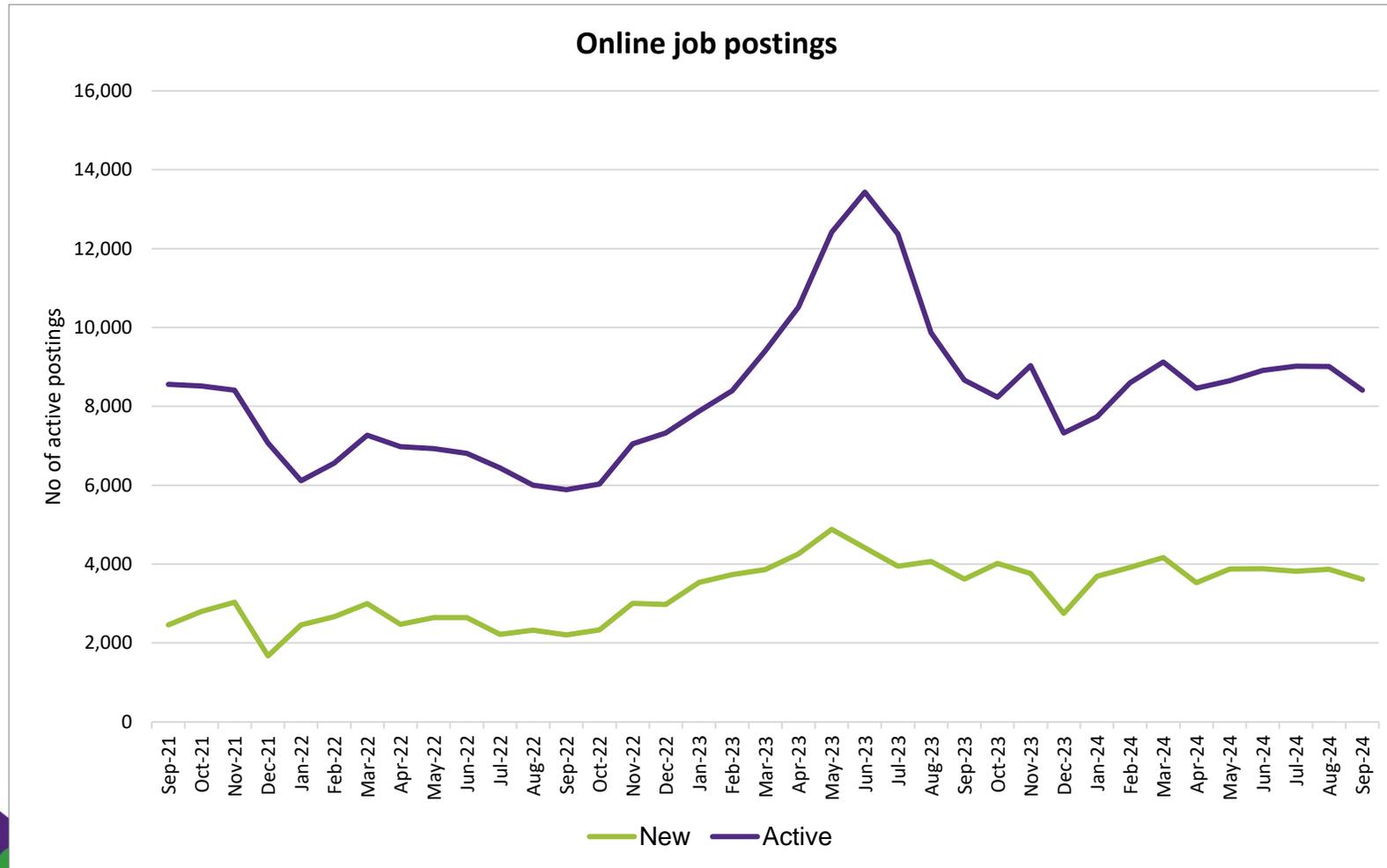
# Cumbria – claimant unemployment



Source: ONS claimant count, Oct 2024 release (via Nomis)

- 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).
- Despite the July increase, the claimant rate remains low at 2.5% in Cumbria, well below the national rate of 4.3%.
- *NB: The upturn in July was impacted by administrative changes by DWP which mean more claimants are deemed to be actively seeking work.*

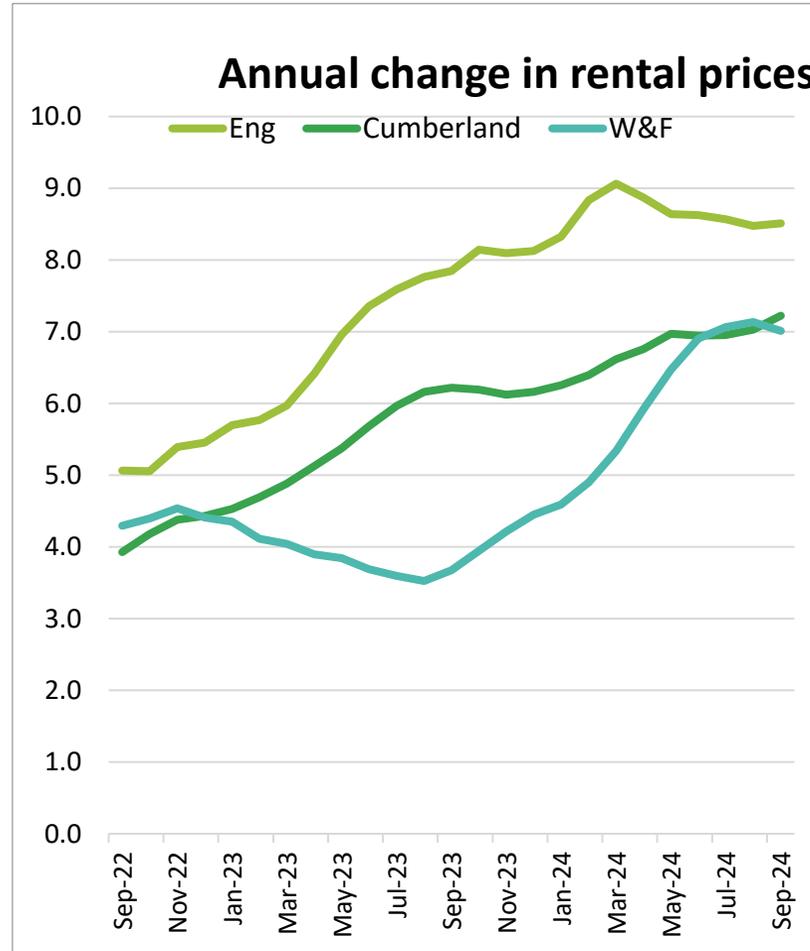
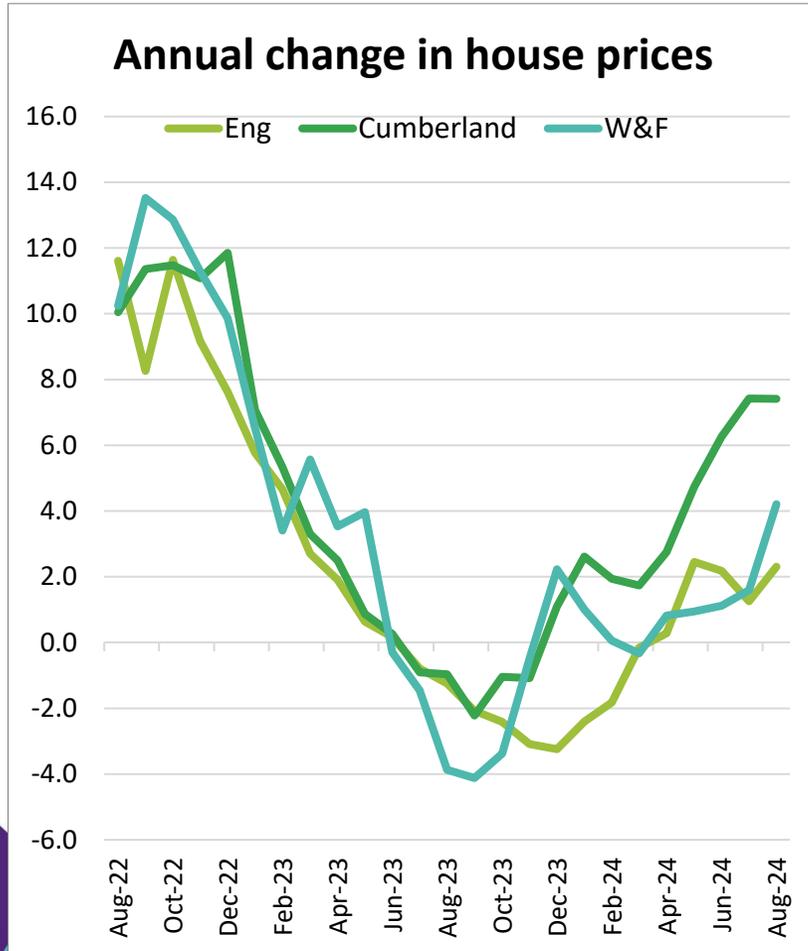
# Cumbria – online job postings



- Active postings fell by almost 600 in Sept and new postings also fell. This is not unexpected at this time of year locally.
- The level of postings is still almost double the pre-pandemic era but is lower than a year ago.
- Other transport equipment, the health sector, food & beverage services and retail were the biggest recruiting sectors in Sept.

Source: Lightcast™

# Cumbria – house & rental prices



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

- Average house prices in Cumbria are lower than England – 57% of the England average in Cumberland and 72% in Westmorland & Furness.
- House prices had fallen at the start of the year locally but have increased since with recent growth in Cumberland outstripping the England rate.
- The average house price in July 2024 was £177,417 in Cumberland and £223,937 in Westmorland & Furness (UK £292,924).
- 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 Sept 2024 was £590 in Cumberland and £723 in Westmorland & Furness (England £1,336).

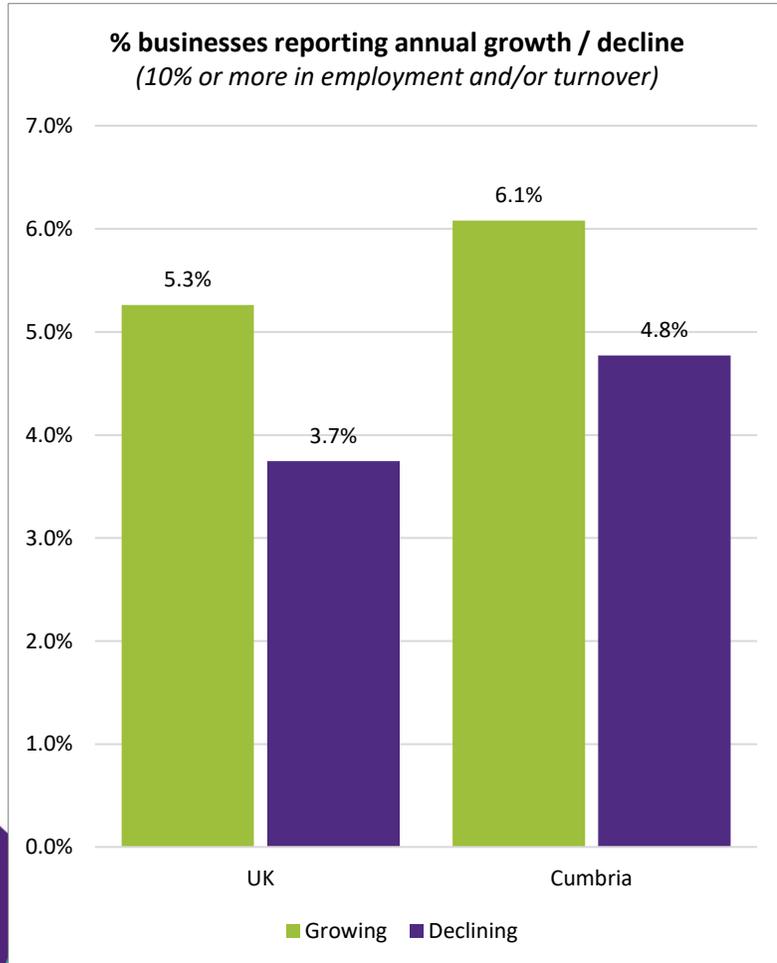
# Cumbria – business trends

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

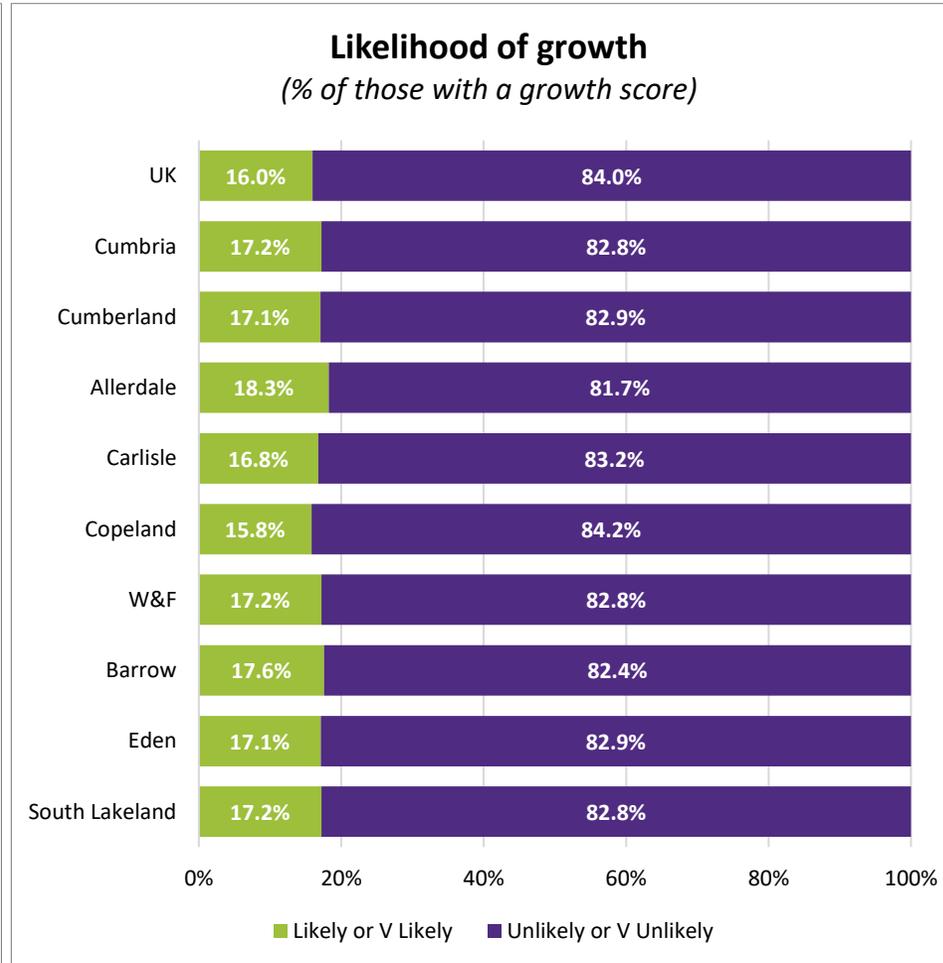
- GVA growth lagging behind UK over 5 and 10 years (up to 2022).
- Productivity gap with the UK widening (up to 2021), except in Barrow where output per hour worked has been above the UK since 2018.
- Number of active businesses down slightly on a year ago.
- Dissolved/in liquidation counts stable and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



# Cumbria – business growth



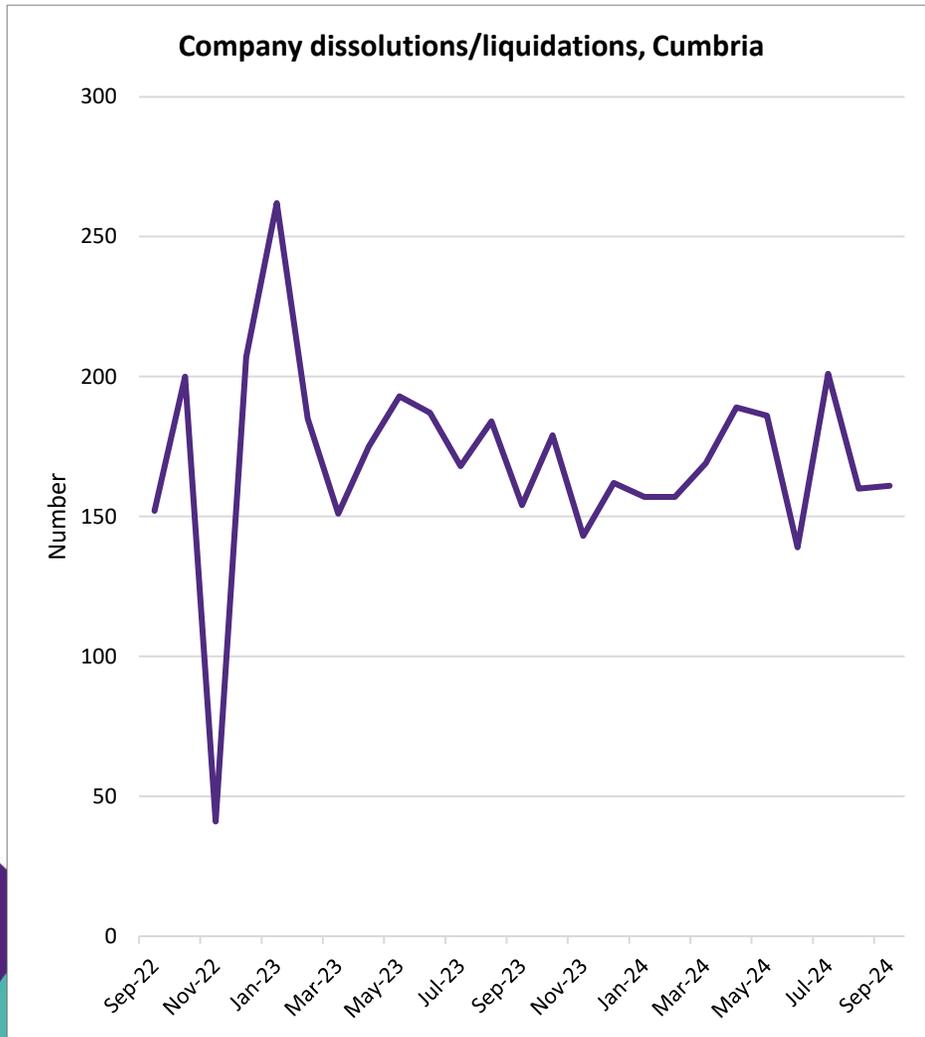
Source: FAME, Sep 2024



Source: Red Flag Alert, Sep 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%).

# Cumbria – business risk



Source: FAME, Aug 2024



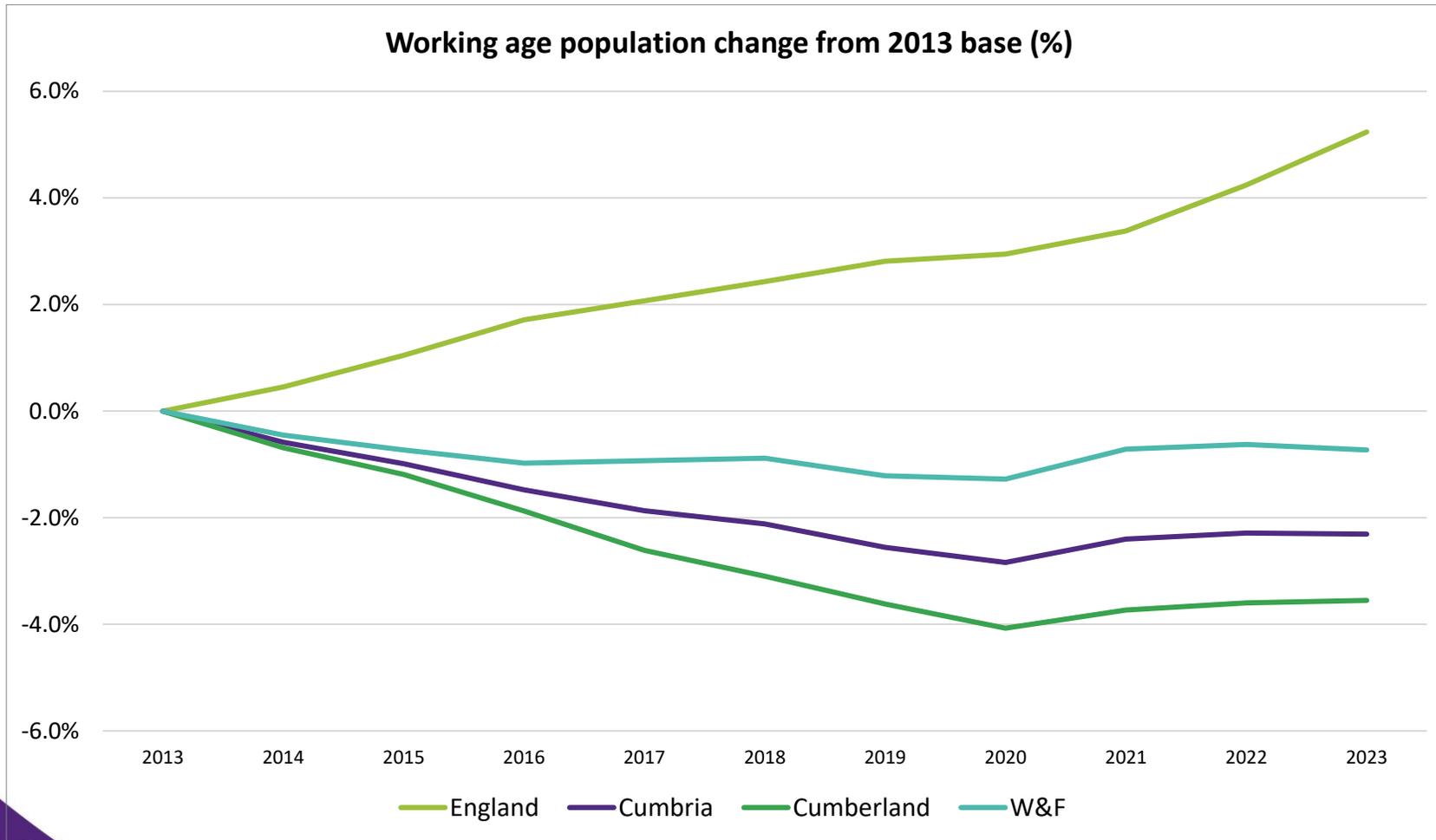
Source: Red Flag Alert, Sep 2024

- There were 161 business dissolutions/insolvencies in August (152 dissolved, 9 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 – 4.5% v 7.1%.
- Barrow had the highest proportion of businesses with red flags in Sept at 6.4%.

# Recently released datasets



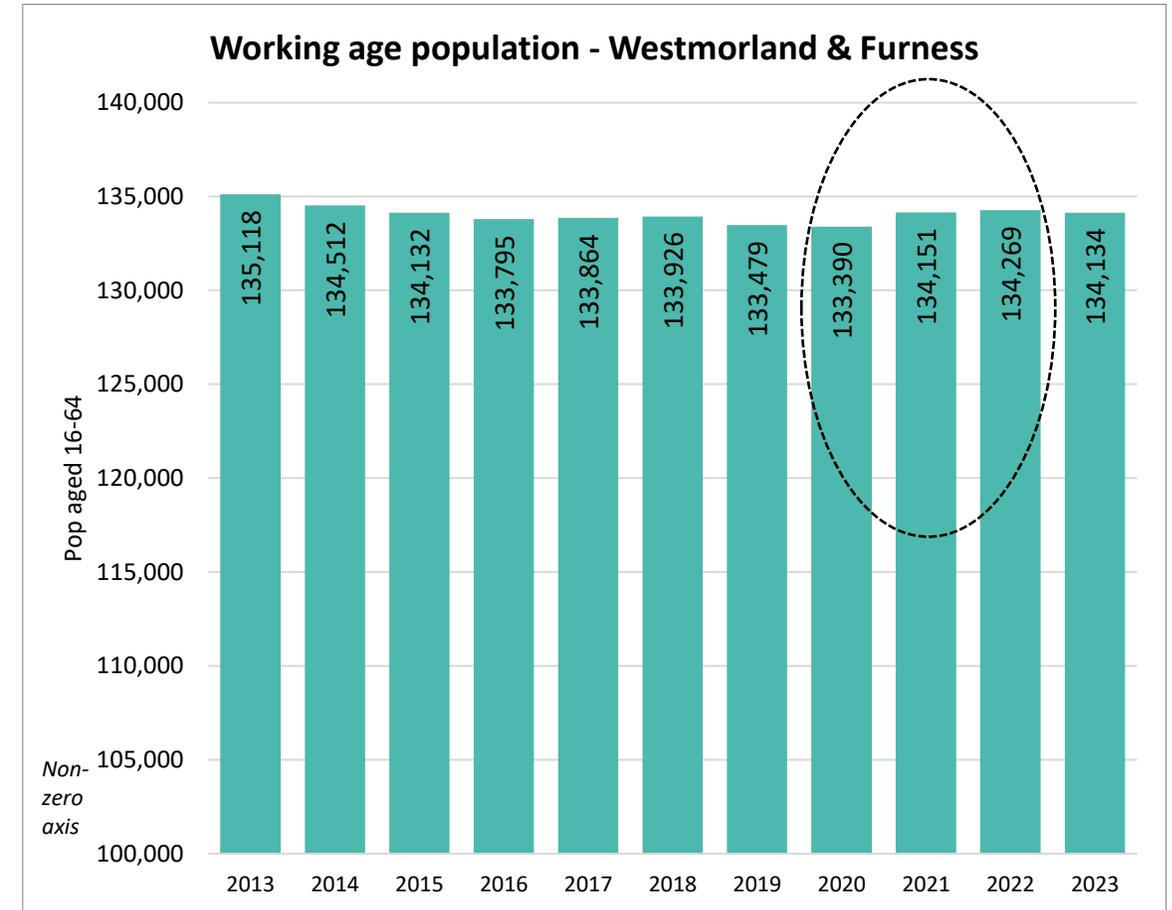
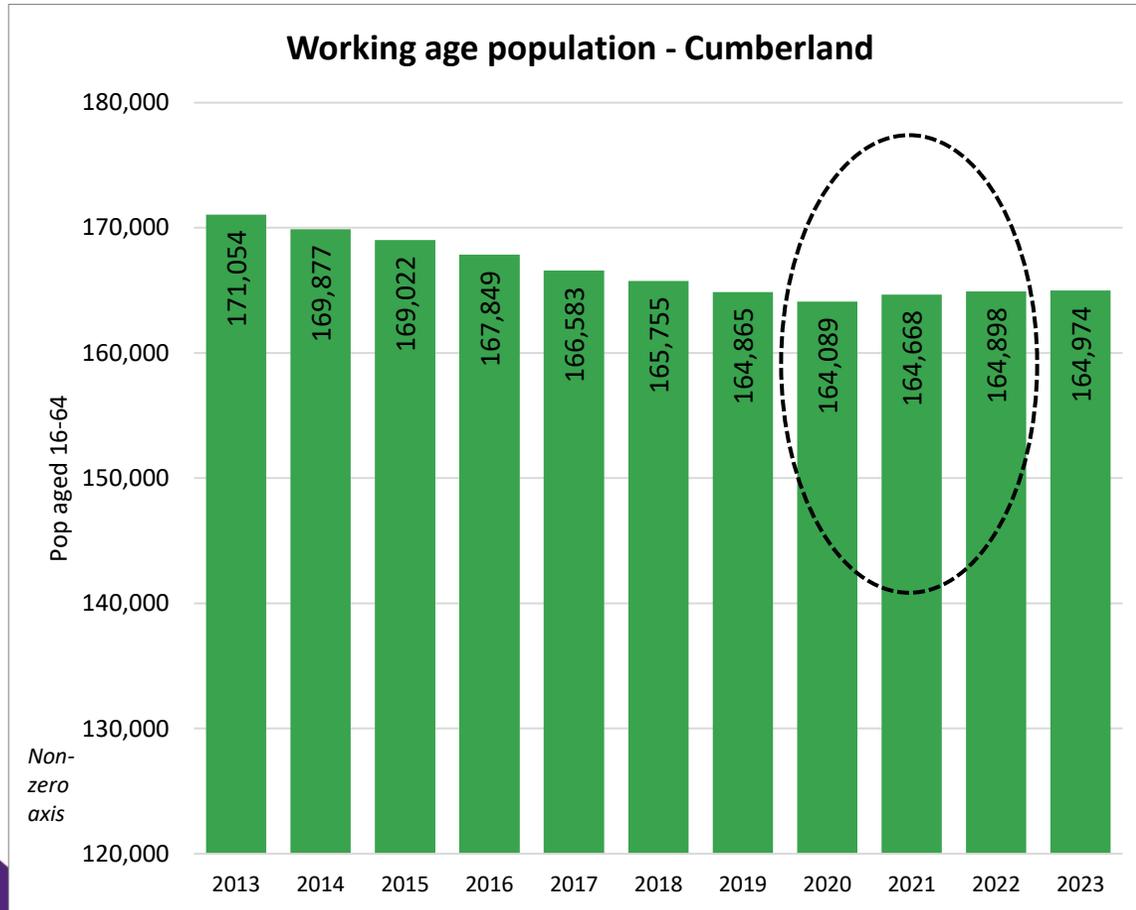
# Cumbria – working age population change (1)



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.

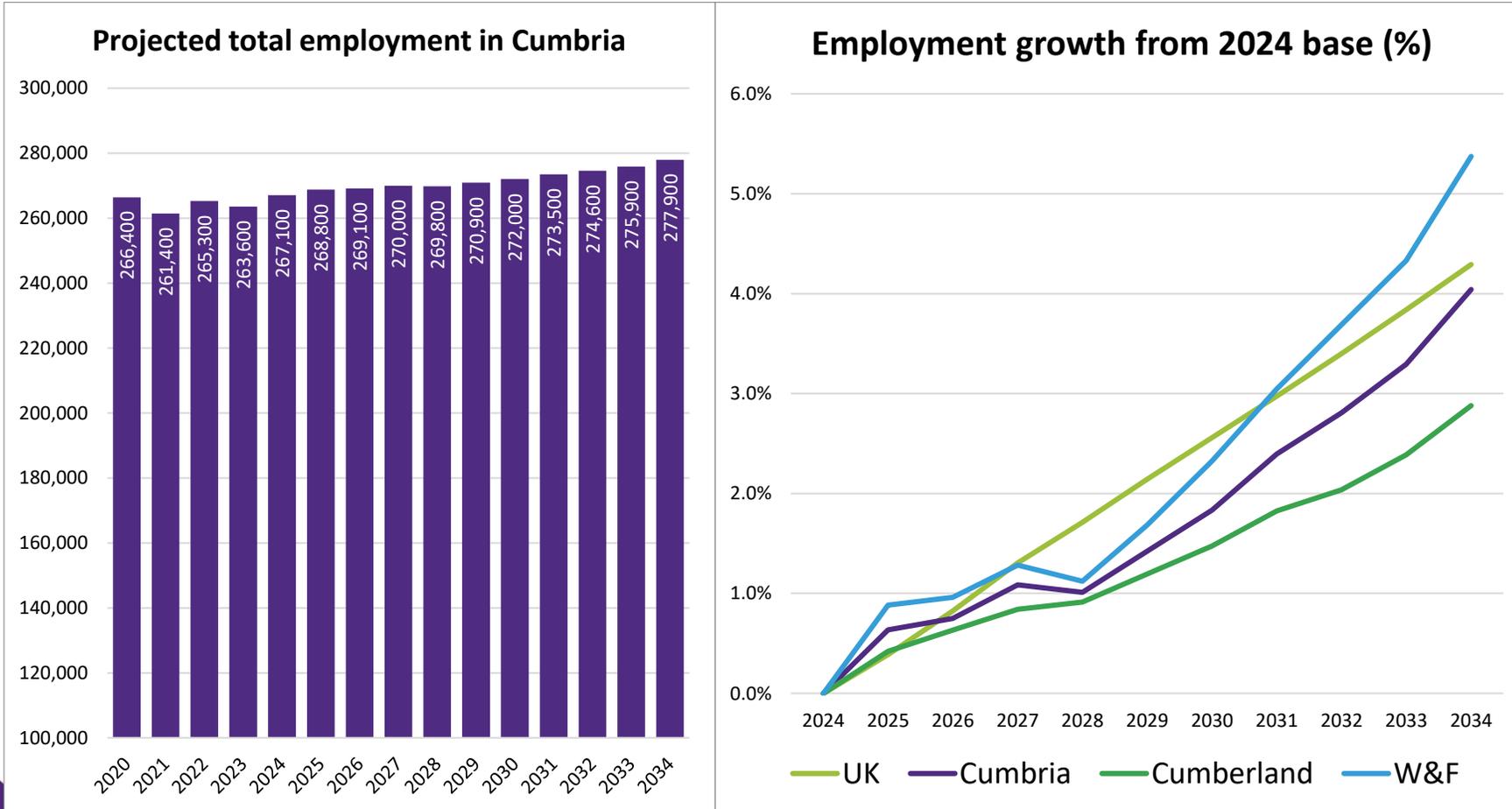
# Cumbria – working age population change (2)



Source: ONS Mid Year Estimates 2023



# Cumbria – economic projections (1)



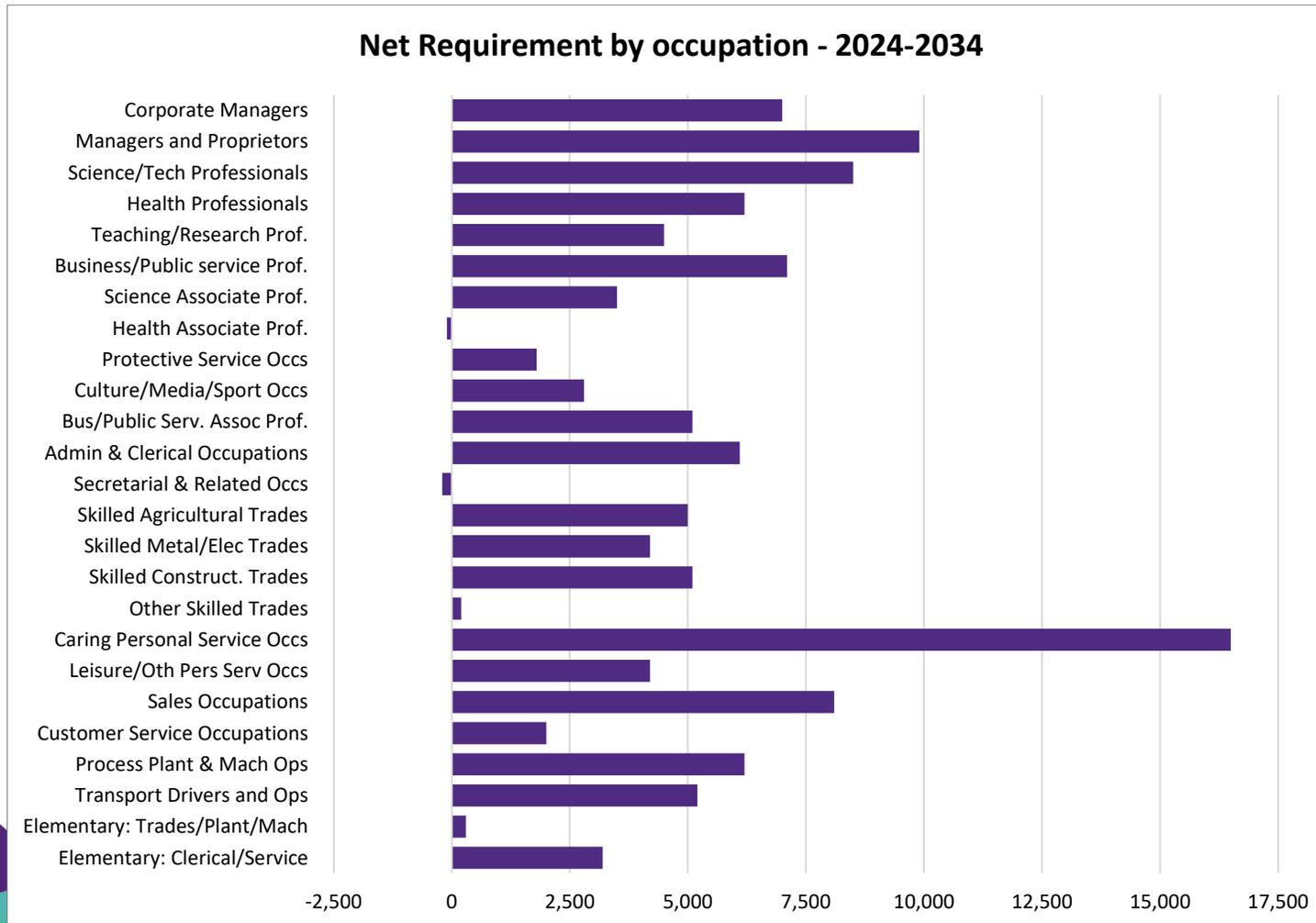
Source: Cumbria projections developed with the aid of CE/IER LEFM software 2024

*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)

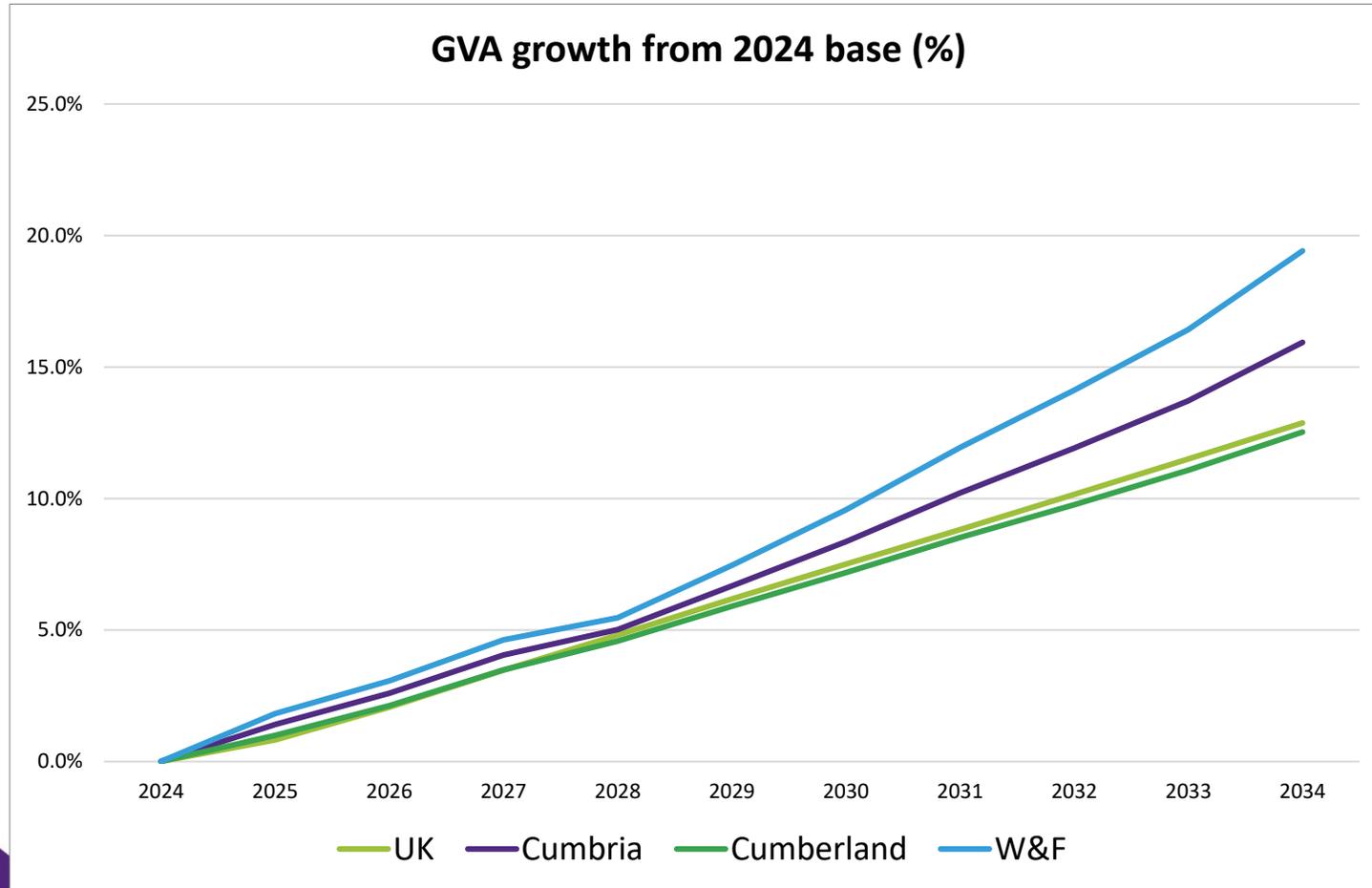


- The combination of expansion demand and the replacement demand arising from labour market leavers is projected to result in a net requirement of 122,600 new employees over the next decade.
- Over 90% of this arises from labour market leavers, particularly those retiring from the workforce.
- Occupations 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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