Windermere Economic Profile

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Overview

Windermere is located fairly centrally in the South Lakeland area, approximately 8 miles from the area's largest town of Kendal. The town, along with its close neighbour Bowness-on-Windermere is one of, if not the most popular town in the Lake District for visitors. It is therefore no surprise that tourism provides a high proportion of employment in the town.

Junction 36 of the M6 motorway is only 15 miles (approximately 20 minute drive), while the town's train station links to Oxenholme and the Westcoast Mainline. The town of Ambleside is only a 10-15 minute drive (5 miles) along the A591 which leads on into the rest of the Lakes District National Park.

Lake Windermere is the longest lake in England, and is one of the biggest draws to visitors taking advantage of the varied activities on offer, from Lake Cruises to water skiing. The town also offers numerous places stay, eat and drink and is an ideal place to be based to take advantage of the many attractions of the Lake District.

The analysis of Windermere in this document has used ward level data. Due to this it also includes the Troutbeck area because this is part of the Windermere Applethwaite and Troutbeck ward. The map on the next page shows the area covered by the statistics in the document (when referring to Windermere). In some cases analysis has to be at district or higher level only due to availability of data and statistical reliability.


N
S
W
E
AMBLESIDE
WINDERMERE
Windermere Applethwaite and Troutbeck Ward
Windermere Town Ward
Windermere Bowness North Ward
Windermere Bowness South Ward
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1. Demographics

1.1 Total population

According to the ONS's mid-year estimates, the population of Windermere stood at 8,735 persons in mid-2012. Just over half of residents (51.4% female v 48.6% male) which is in line with the national average. Overall, the town's population has increased by 6.1% since 2002 which is slightly lower that the rate of increase for England & Wales (7.5%). However, Windermere's population grew faster than that of South Lakeland as a whole and Cumbria.

Figure 1 displays the mid-2002 and mid-2012 population estimates for Windermere, South Lakeland, Cumbria and England & Wales. Figures are based on the latest available mid-year estimates produced by the Office for National Statistics (ONS).

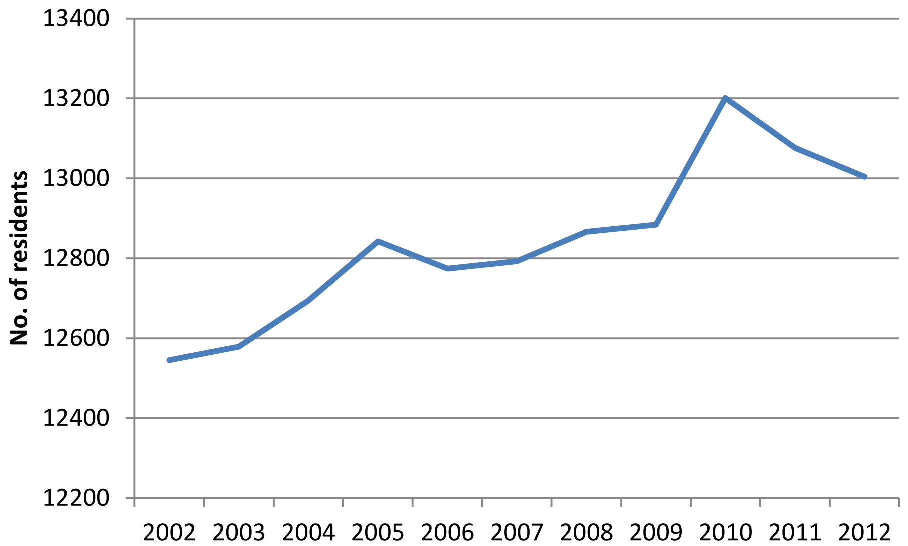
Figure 1: Change in population 2002-2012

	Population		2002-2012 Change	
	2002	2012	Numerical	%
Windermere	8,231	8,735	504	6.1%
South Lakeland	102,433	103,453	1,020	1.0%
Cumbria	488,681	499,104	10,423	2.1%
England & Wales	52,602,143	56,567,796	3,965,653	7.5%

Source: Office for National Statistics

Figure 2 plots the estimated total population of Windermere each year from 2002 to 2012. There has been a steady annual growth (apart from 2005-06) up until 2010, since when the resident population has seen a decline.

Figure 2: Windermere, mid-year population, 2002-2012

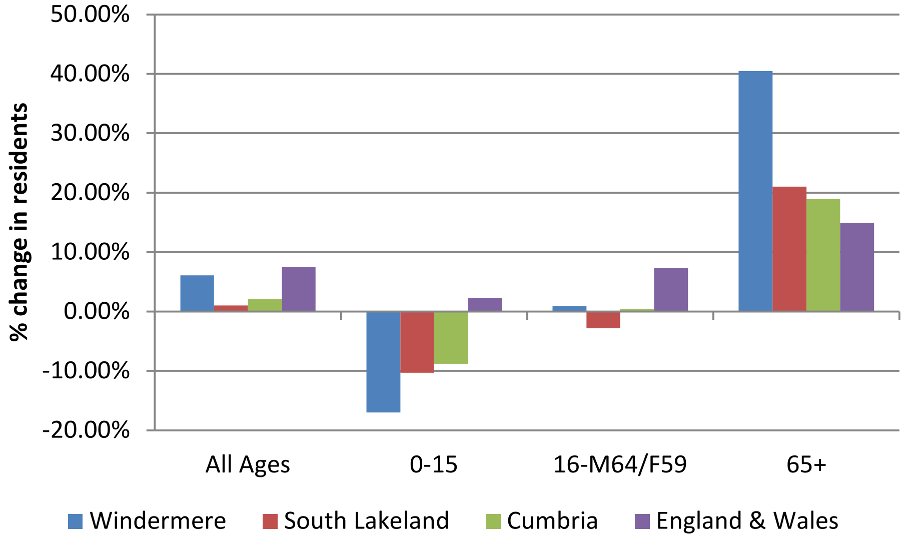


Source: Office for National Statistics

1.2 Broad age band

The overall population growth described above has not been distributed evenly by age. There has been a decline of 17% in the number of 0-15 year olds in Windermere since 2002 alongside a small rise in the number of 16-64 years olds (0.9%) and a significantly large rise in the number 65+ year olds (+40.5%).

Figure 3: % change in population by age 2002-2012



Source: Office for National Statistics

There were estimated to be 274 fewer 0-15 year olds in 2012 in Windermere compared to 2002, a decline of 17%. This is a larger decline than in South Lakeland or Cumbria and contrasts with a rise of 2.3% nationally.

Figure 4 Change in children and young people's population 2002-2012

	Population		2002-2012 Change	
	2002	2012	Numerical	%
Windermere	1,614	1,340	-274	-17.0%
South Lakeland	17,510	15,702	-1,808	-10.3%
Cumbria	90,704	82,681	-8,023	-8.8%
England & Wales	10,449,865	10,686,778	236,913	2.3%

Source: Office for National Statistics

There has been a small growth of 41 persons of working age (16-M64/F59 yrs) in Windermere between 2002 and 2012 (+0.9%) in contrast to a fall of 2.8% in the district as a whole and a stable figure for the county. However, nationally the working age population rose by 7.3%.

Figure 5: Change in working age population 2002-2012

	Population		2002-2012 Change	
	2002	2012	Numerical	%
Windermere	4,809	4,850	41	0.9%
South Lakeland	63,134	61,391	-1,743	-2.8%
Cumbria	307,507	308,865	1,358	0.4%
England & Wales	33,762,134	36,238,632	2,476,498	7.3%

Source: Office for National Statistics

The major change in population for all areas has been in the over 65 yrs group and this is particularly pronounced in Windermere and in South Lakeland. Nationally the number of 65+ year olds rose by 14.9% and in Windermere this figure was 40.5% which equates to 459 more residents over the age of 65.

Figure 6: Change in retirement age population 2002-2012

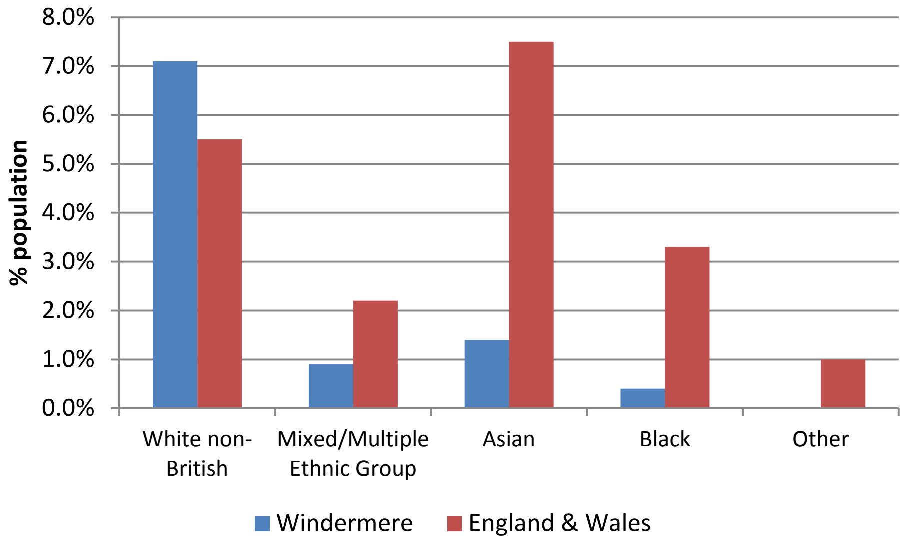
	Population		2002-2012 Change	
	2002	2012	Numerical	%
Windermere	1,808	2,267	459	40.5%
South Lakeland	21,789	26,360	4,571	21.0%
Cumbria	90,470	107,558	17,088	18.9%
England & Wales	8,390,144	9,642,386	1,252,242	14.9%

Source: Office for National Statistics

1.3 Ethnicity

Windermere's population is predominantly white-British with 89.8% classifying themselves this way at the time of the 2011 Census which compares to a national average of 80.5%. In 2011 596 people in Windermere classified themselves as white non-British (7.1%); 113 (0.9%) as from a mixed/multiple ethnic group; 181 (1.4%) as Asian/Asian British; 57 (0.4%) as Black/African/Caribbean/Black British and 5 (0.0%) as from another ethnic group.

Figure 7: Kendal ethnic profile, 2011



Source: Census 2011

Between 2001 and 2011 there was a fall in the proportion of residents in Windermere classifying themselves as white British (96% down to 89.8%) with a resulting rise in the proportion of white non-British (up from 2.8% to 7.1%), mixed/multiple ethnic groups, Asian/Asian British and Black/African/Caribbean/Black British. Overall, there was an increase of 619 persons from non-white groups in Kendal between 2001 and 2011 (from 333 to 952).

1.4 Future projections

Every two years the Office for National Statistics (ONS) produces long-term population projections for local authorities in England; known as the Subnational Population Projections (SNPPs). The SNPPs project what the population of each local authority will look like over the next 25 years. The SNPPs are trend-based, making assumptions about future fertility, mortality and migration levels based on trends in recent estimates, usually over a five-year reference period. They give an indication of what the future population size and age and sex structure might be if recent trends continued. They are not forecasts and take no account of policy nor development aims that have not yet had an impact on observed trends.

All Ages

The figure below shows the mid-2012 population estimates for England, Cumbria and South Lakeland alongside respective projected population figures for 2037 using 2012-based SNPPs.

Figure 8: Projected Population Change 2012-2037:

	Population		2012-2037	
	2012	**2037**	**Numerical**	**%**
South Lakeland	103,500	104,300	800	0.8%
Cumbria	499,100	493,200	-5,900	-1.2%
England & Wales	53,493,700	62,166,000	8,672,300	16.2%

Source: Office for National Statistics, 2012-based SNPPs

The 2012-based SNPPs project that South Lakeland's population will increase by 800 persons (0.8%) over the next 25 years (to 2037). In contrast, Cumbria's population is projected to decrease by 5,900 persons (-1.2%), while England's population is projected to increase substantially (+16.2%).

Broad Age Band

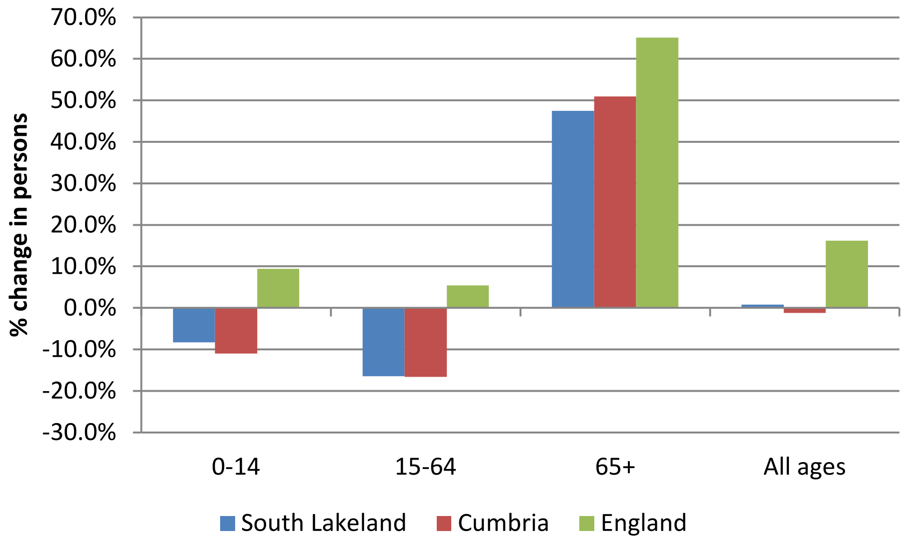
The figure below compares South Lakeland's mid-2012 population estimates by broad age band with the district's projected population figures by broad age band in 2037, while the next figure compares the projected proportional changes in population by broad age band for England, Cumbria and South Lakeland between 2012 and 2037.

Figure 9: Projected Population Change by Broad Age Band, 2012-2037 - South Lakeland:

	Population		2012-2037	
	2012	**2037**	**Numerical**	**%**
0-14 years	14,400	13,200	-1,200	-8.3%
15-64 years	62,600	52,300	-10,300	-16.5%
65+ years	26,300	38,800	12,500	47.5%
All ages	103,500	104,300	800	0.8%

Source: Office for National Statistics, 2012-based SNPPs

Figure 10: Projected Population Change by Broad Age Band, 2012-2037:



Source: Office for National Statistics, 2012-based SNPPs

The projected changes in South Lakeland's population are not spread evenly across age bands. Numbers of 0-14 year olds in South Lakeland are projected to decrease by 1,200 persons (-8.3%) by 2037. Of England's 326 district/unitary authorities, South Lakeland has the ninth greatest projected proportional decrease for this age group. While this decrease is in line with the projected county trend (Cumbria -11%), it is contrary to the projected national trend (England +9.4%).

The number of 15-64 year olds is projected to decrease by 10,300 persons (-16.5%) across the district by 2037; the sixth greatest projected decrease in this age group out of all district/unitary authorities in England. Again, this is in line with the projected county trend (Cumbria -16.6%), but contrary to the projected national trend (England +5.4%) and, if it came to fruition, would have major implications for the labour market.

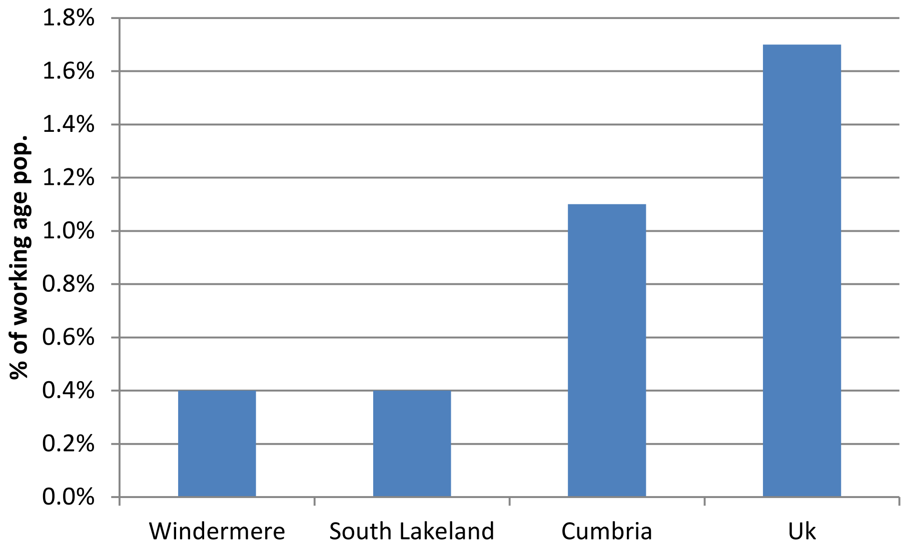
In contrast, the number of residents aged 65+ is projected to increase by 12,500 persons across the district by 2037 (+47.5%). This projected trend is in line with county and national projections, although the projected county and national increases are more substantial (Cumbria +50.9%, England +65.1%).

2. Unemployment and Economic Activity

2.1 Unemployment (Job Seeker's Allowance claimants)

Whilst the Job Seeker's Allowance (JSA) claimant data is an incomplete measure of unemployment as it only counts those eligible for, and claiming, JSA, it nevertheless provides a useful guide to the number of people in an area who are not currently working but are actively seeking work. In July 2015 there were just 18 JSA claimants in Windermere, 0.4% of the working age population. This is the same as the district average, but below the county and national rates of 1.1% and 1.7% respectively.

Figure 11: JSA claimant rate, July 2015



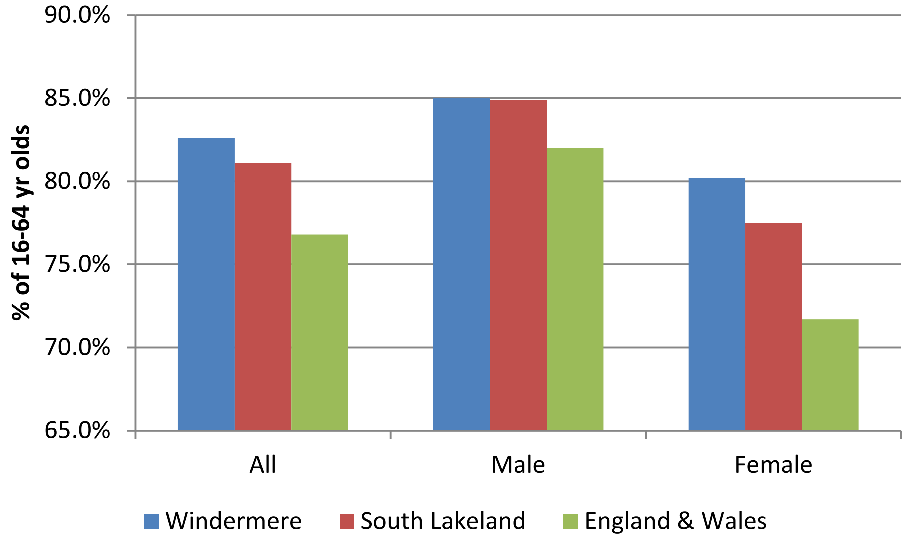
Source: Jobcentre Plus JSA claimant data via Nomis

2.2 Economic activity

All economies are predominantly reliant on the wealth generating capabilities of those who are currently in work. As was shown earlier, there has been a decline in the number of young people in Windermere in recent years which will impact on the potential working population in the future. It is therefore important to maximise the proportion of people who are economically active (defined as employed, self-employed or not working but actively looking for work). It is not possible to get reliable economic activity data for small areas on an annual basis so analysis here is drawn from the 2011 Census.

Economic activity rates in Windermere are higher than nationally with 82.6% of 16-64 year olds classed as economically active in 2011 compared to 76.8% nationally. Males are more likely to be economically active than females with 85% of males in Windermere economically active at the time of the Census compared to 80.2% of females. In both cases this is higher than the nationally average, with the female average also being higher than the district average (males is the same).

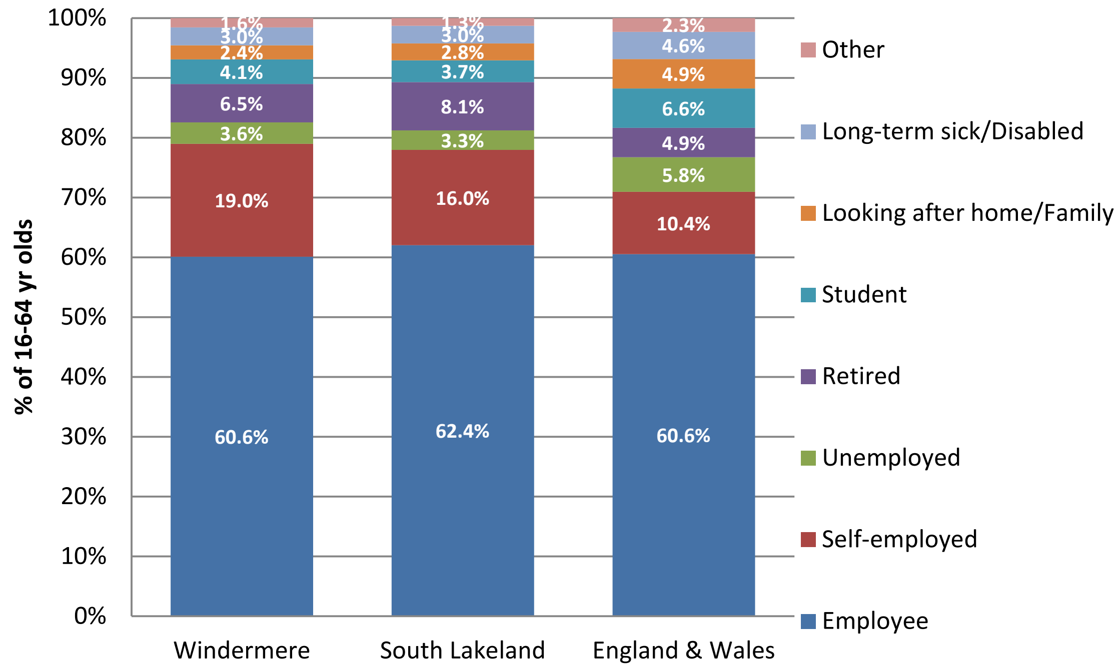
Figure 12: Economic activity rate of 16-64 year olds by gender, 2011



Source: Census 2011

Further analysis of the Census data demonstrates that not only are Windermere residents more likely to be economically active than average, they are more likely to be in work with 79.5% of 16-64 year olds in employment or self-employed compared to 71% nationally. This is also the case at district level. It is also evident that the proportion of self-employed workers in Windermere is almost double that of the national average (19% compared to 10.4%), and is also higher than the district average of 16%. Reflecting the age profile in Cumbria, more people within this age group are retired than average but fewer are students. A lower proportion of working age residents in Windermere are looking after the home/family or long-term sick/disabled than nationally, in line with the district average.

Figure 13: Economic activity rate of 16-64 year olds by gender, 2011



Source: Census 2011

3. Education

3.1 Key Stage 4 & 5 achievements

In 2014, 45%* of pupils at The Lakes School achieved 5+ A-C GCSEs which is below the average of 57% for Cumbria LEA and the national average.

*Reforms introduced in 2013/14 have had a varied impact on schools results data, making figures for schools not directly comparable between this year and previous years.

Figure 14: KS4 Achievements, 2014

KS4 Achievements, 2014				
	2011	**2012**	**2013**	**2014**
The Lakes School	61%	70%	62%	45%
Cumbria LEA	57%	56%	57%	57%
England (All schools)	59%	59%	59%	53%

Source: DfE School Performance Tables

At Key Stage 5, the average point score per A level entry in The Lakes School was 194.4 (D+ expressed as a grade), behind the Cumbria and national averages of 211.6 and 215.5 respectively (C+). Two thirds (66%) of students achieved at least 3 A levels at A*-E grade. 14% of students achieved grades AAB or higher in at least 2 facilitating subjects, similar to both the LEA and national averages.

Figure 15: KS5 Achievements, 2014

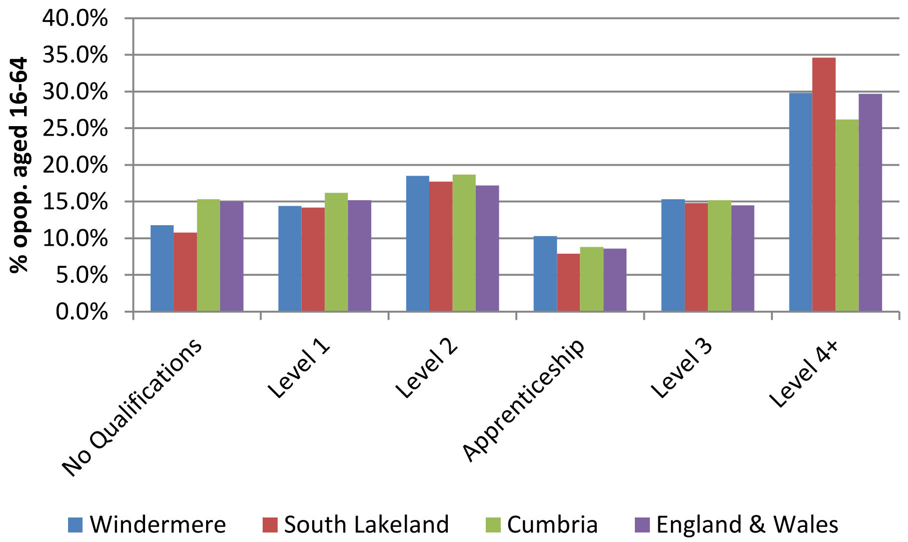
KS5 Achievements 2014						
	Average point score per A level entry	Average point score per A level entry expressed as a grade	Average point score per A level student (FTE)	% of A level students achieving		
				At least 3 A levels at A*-E	At least 2 A levels at A*-E	Grades AAB or higher in at least 2 facilitating subjects
The Lakes School	194.4	D+	694.1	66.0%	89.0%	14.0%
Cumbria LEA	211.6	C+	799.3	80.4%	93.0%	12.5%
England (All schools)	215.5	C+	787.7	79.5%	92.4%	15.0%

Source: DfE School Performance Tables

3.2 Adult qualifications

The working age population in Windermere has average qualification levels with 29.8% qualified to level 4 or above compared to the national average of 29.7%. There is a lower than average proportion of the adult population with no qualifications (11.8% in Windermere compared to 15% in England and Wales).

Figure 16: Adult qualifications, 2011



Source: Census 2011

4. Labour Market

4.1 Employment by sector

The Census provides an opportunity to analyse the employment situation of residents within an area at a point in time and has the advantage that it includes those who are self-employed. The 2011 Census revealed that there were 14,896 employed residents in Windermere (inc. self-employed). The biggest sector of employment for residents is the accommodation and food services sector, which employs 1,152 residents (27.3%). The second most common industrial sector is wholesale and retail (inc. vehicle repair) which provides employment for 798 residents (18.9%).

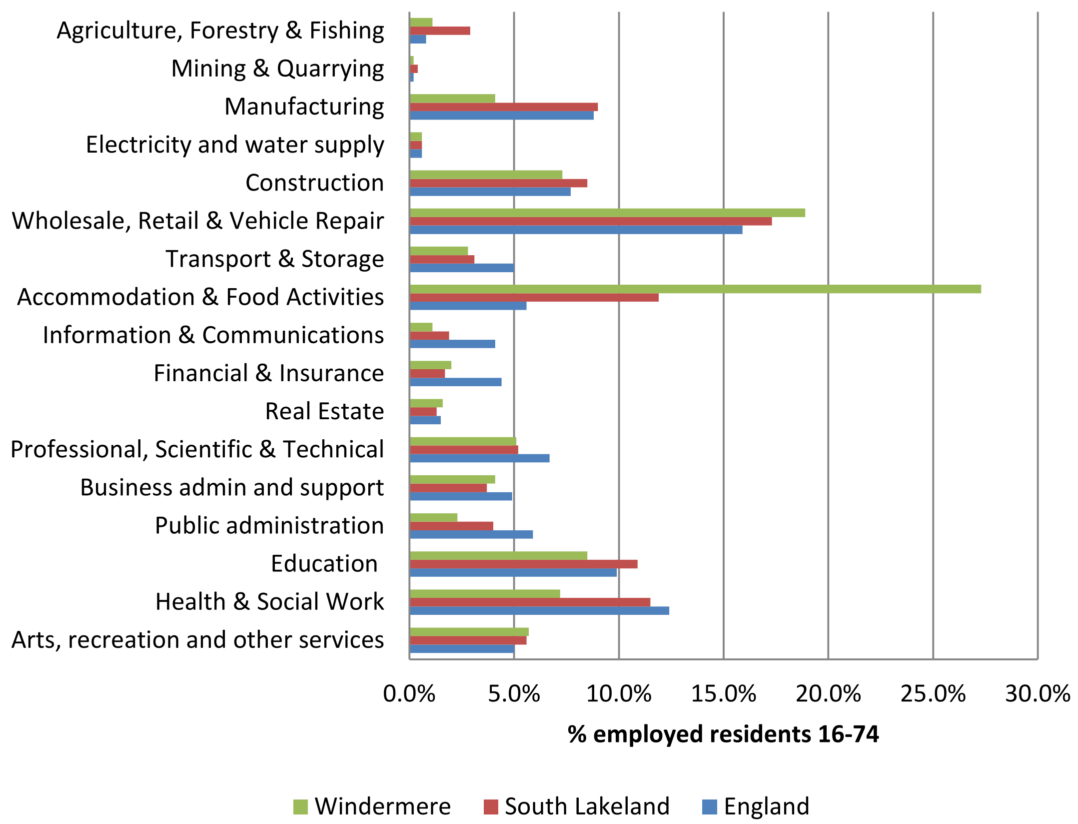
Figure 17: Employment of residents (aged 16-74) by sector, 2011

Residents in employment (aged 16-74*) by sector, 2011		
	Count	%
Agriculture etc	45	1.1%
Mining and Quarrying	10	0.2%
Manufacturing	172	4.1%
Electric and Water Supply	24	0.6%
Construction	309	7.3%
Wholesale, retail and vehicle repair	798	18.9%
Transport and storage	119	2.8%
Accommodation and Food Services	1,152	27.3%
Information and communications	45	1.1%
Financial and insurance	83	2.0%
Property	68	1.6%
Professional, scientific and technical	216	5.1%
Business admin and support	173	4.1%
Public administration	97	2.3%
Education	358	8.5%
Health and social work	303	7.2%
Arts, recreation and other services	242	5.7%

Source: Census 2011

**Data only available for 16-74 age range. Working age population expressed as 16-64 elsewhere in this report.*

Figure 18: Proportion of employed residents by sector, 2011



Source: Census 2011

When compared to South Lakeland, Windermere has more than double the proportion of residents employed in the accommodation and food service sector, and more than four times more than the national percentage (27.3% compared to 11.9% and 5.6% respectively). This demonstrates the importance of the sector as a provider of employment opportunities for local residents of the town and surrounding area. Windermere also has a slightly higher proportion of residents working in the retail sector than South Lakeland and nationally (18.9% vs 17.3% and 15.9% respectively). Both of these sectors are specifically linked to the tourism industry in the town. There is a correspondingly lower than average proportion of employees in other sectors in Windermere, namely information and communications and health and social work.

4.2 Employment by occupation

Occupation structure is driven by the sectors in which jobs are available and it is therefore not surprising that a significant proportion of residents work in elementary and sales occupations in Windermere. However, this is not the biggest occupational group for residents - that group is managers directors and senior officials, which accounts for 814 employed residents (19.3%), followed by skilled trades with 718 employed residents (17%).

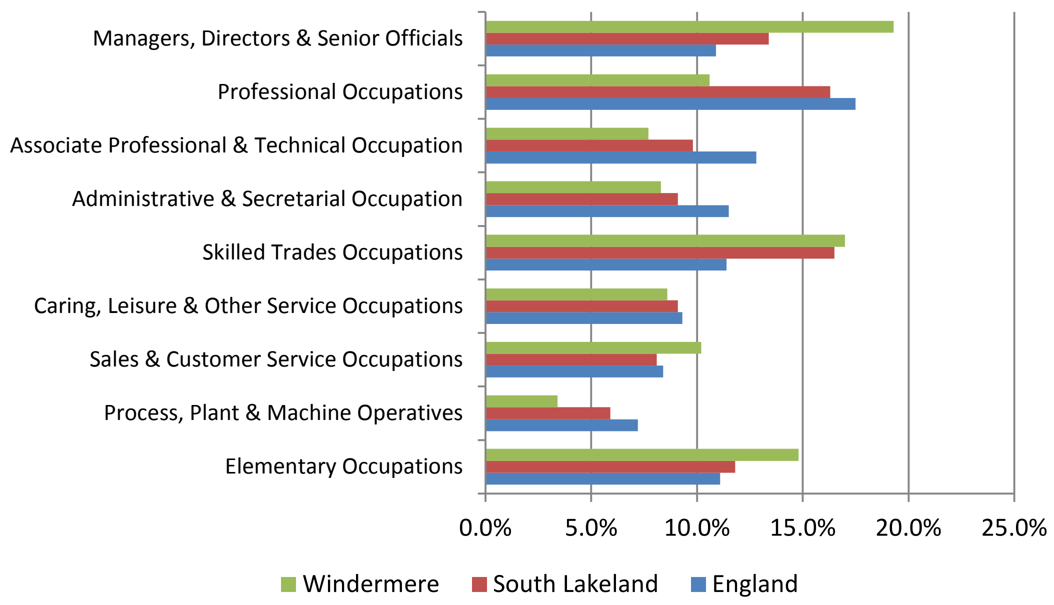
Figure 19: Employment of residents (aged 16-74) by occupation, 2011

Residents in employment (aged 16-74*) by occupation, 2011		
	Count	**%**
Managers, directors and senior officials	814	19.3%
Professional occupations	447	10.6%
Associate professional and technical occupations	325	7.7%
Administrative and secretarial occupations	349	8.3%
Skilled trades occupations	718	17.0%
Caring, leisure and other service occupations	364	8.6%
Sales and customer service occupations	429	10.2%
Process plant and machine operatives	145	3.4%
Elementary occupations	623	14.8%

Source: Census 2011

**Data only available for 16-74 age range. Working age population expressed as 16-64 elsewhere in this report.*

Figure 20: Proportion of employed residents by occupation, 2011



Source: Census 2011

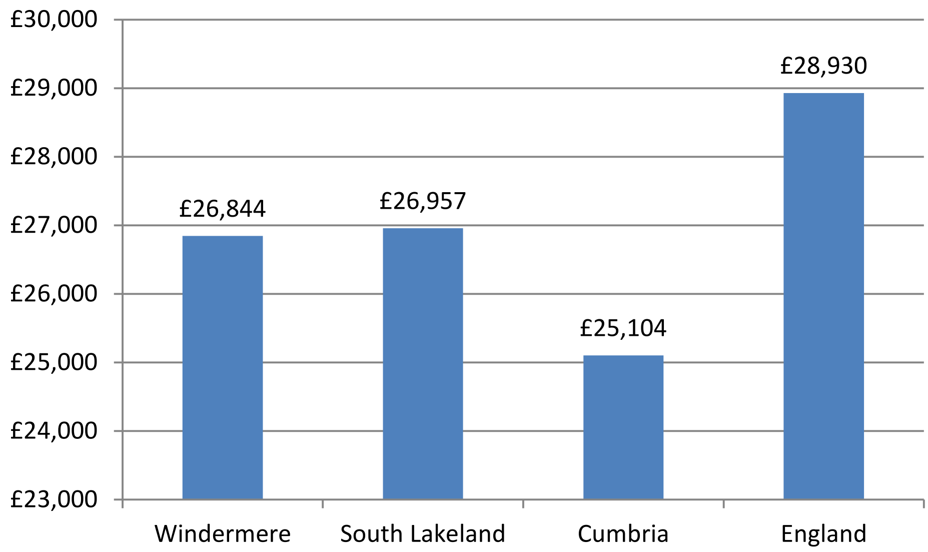
Compared to South Lakeland, Windermere has proportionately fewer residents employed in process, plant and machine operatives and professional occupations. However as stated earlier, there are proportionately more residents employed as managers, directors and senior officials compared to South Lakeland and the national average. This above average proportion may be linked to the high number of self-employed residents in the town and surrounding area, with many sole traders being classed as managers/directors of their own company (e.g. Bed & Breakfast owners). As expected the proportion of employees in elementary occupations is also above average due to the number of residents working in the hospitality trade.

5. Income and House Prices

5.1 Household income

CACI produces a modelled index of household incomes called PayCheck which uses lifestyle data, the Census and other surveys. According to PayCheck, Windermere has a median household income of £26,844. This is on par with the average for South Lakeland which stands at £26,957 but 8% lower than the England average, where median household income is £28,930.

Figure 21: PayCheck median household income, 2014



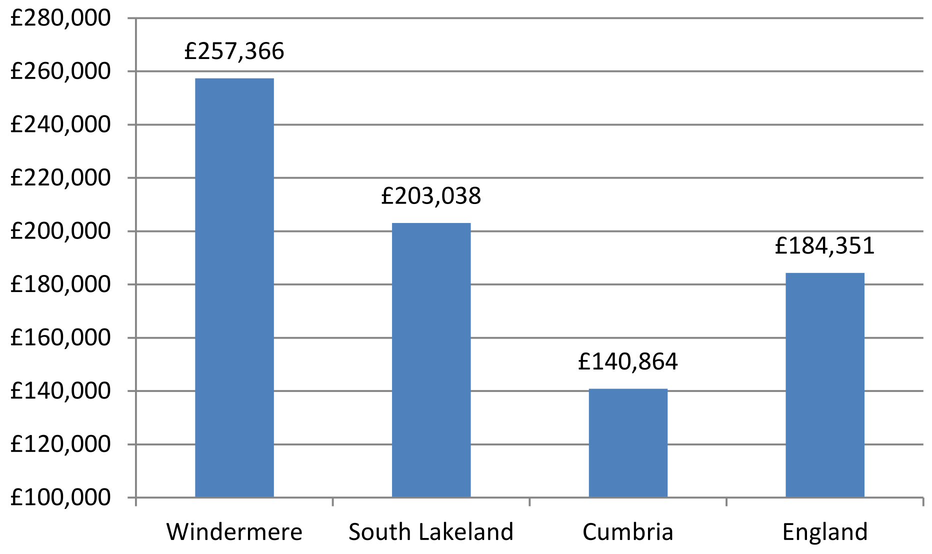
Source: CACI PayCheck 2014

5.2 House prices

StreetValue is a CACI tool which utilises information drawn from mortgage lenders to model house prices and which can also be combined with the CACI PayCheck data to produce estimates of housing affordability.

According to StreetValue, the median house price in Windermere in 2013 was £257,366. This is considerably higher than the average for South Lakeland where the median house price was £203,038, Cumbria (£140,863) and the England average median house price of £184,351.

Figure 22: StreetValue median house price, 2014

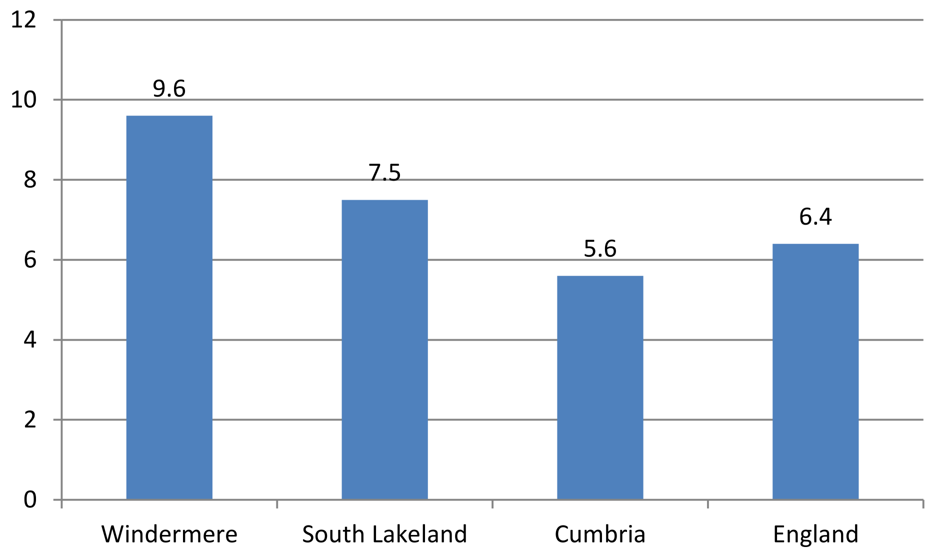


Source: CACI StreetValue 2014

5.3 Housing Affordability

We can combine data from the CACI StreetValue dataset with CACI PayCheck data to construct a house price to income ratio; known as an affordability ratio. Based on median data, the average house price in Windermere is 9.6 times the average household income. This affordability ratio is one of the highest in the district (average house price is 7.5 times average income) and county (5.6), and also the national average, where the ratio is 6.4.

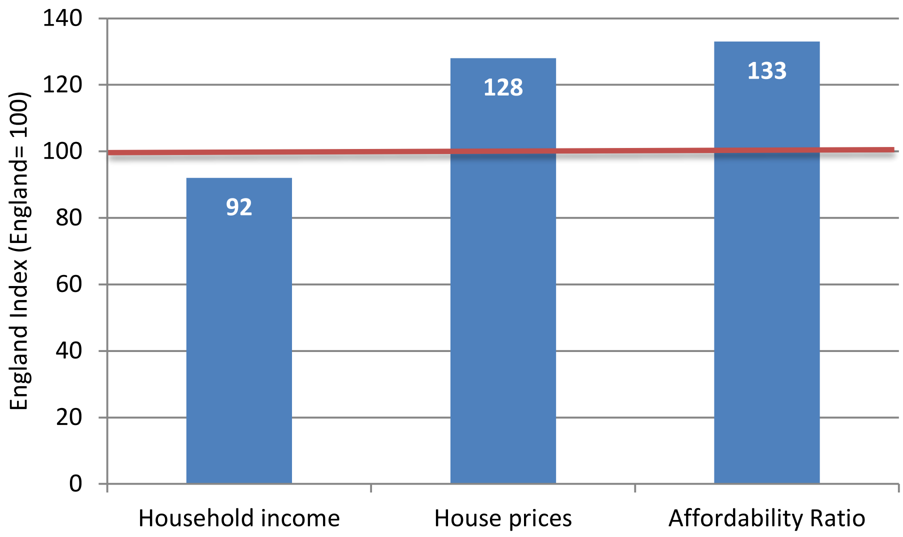
Figure 23: Housing affordability ratio, 2014



Source: CACI StreetValue, PayCheck 2014

The following figure brings together all three indicators for Windermere presented as an index on England and clearly shows that the combination of below average earnings and above average house prices result in a housing affordability index which is significantly above the national one.

Figure 24: Income, house prices and affordability indexed on England, 2014



Source: CACI StreetValue, PayCheck 2014

6. Non-Domestic Rate paying Businesses

There are no official datasets which capture the full range of businesses from the very smallest to the biggest. The Inter Departmental Business Register (IDBR) is the ONS source which collates information and concentrates on VAT/PAYE registered enterprises. The lowest level of geography for which the IDBR data are available is Middle Layer Super Output Areas (MSOA). Unfortunately Windermere/Bowness is split into two MSOAs, with one incorporating Bowness and the rural areas to the west, while the other incorporates most of Windermere but also the Ambleside and Grasmere areas. Therefore it is not possible to use this data as it does not just give a representation of Windermere and the immediate surrounding area, but also other towns and villages.

However, it is possible to use National Non-Domestic Rates (NNDR) data from South Lakeland District Council to give a picture of the different types of rate paying businesses operating in and around Windermere/Bowness. There are approximately 1,000 NNDR paying businesses in Windermere and the surrounding area.

Figure 25: NNDR paying businesses, 2015

Business type	**Count**	**%**
Non-serviced accommodation (e.g. self-catering holiday lets)	355	35.4%
Serviced accommodation (Hotels/B&Bs etc)	155	15.4%
Retail	203	20.2%
Food Services (Restaurants/Pubs/Cafes etc)	73	7.3%
Workshops/Warehouses	87	8.7%
Office Premises	60	6.0%
Services/Public Sector	48	4.8%
Other	23	2.3%
TOTAL	**1,004**	

Source: SLDC NNDR Business Register, 2015

Non-serviced accommodation businesses (in the majority, self-catering holiday lets) make up the largest proportion of NNDR paying businesses in Windermere, with over a third of the total being this type of business. This would be expected in Windermere and the surrounding area due to the substantial visitor economy in the town. Also linked to this is the high number of retail businesses (20.2%), serviced accommodation (15.4%) and food services (7.3%). As would be expected, this data corresponds with the above average proportions of Windermere residents employed in the accommodation, food service and retail sectors.

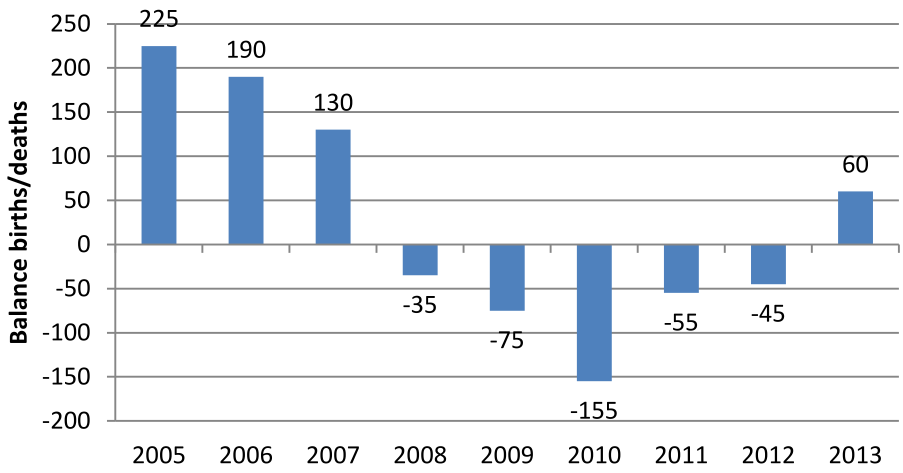
7. Business Start Ups and Survival

There are no comprehensive data for the number of business start-ups. However, the ONS produces an annual Business Demography dataset which it describes as a count of 'business births and deaths'. Despite this description, it should be noted that the dataset measures a business when it enters or exits the count of those registered for VAT/PAYE. It therefore doesn't capture activity below these thresholds or who were active prior to becoming registered for VAT/PAYE or who remain active after de-registering. Unfortunately the data only goes down to district level, so it isn't possible to identify the 'birth', 'death' rate in Windermere *(see '7.3 New business bank accounts' for Windermere data)*. Nevertheless, the dataset is a useful monitor of business activity in the area.

7.1 New registrations for VAT/PAYE

The business demography dataset reveals that up until the recession in 2008, South Lakeland had a positive balance of 'births' and 'deaths' but since that time the number of business 'deaths' in South Lakeland has exceeded the number of 'births' with 2010 being the worst year (negative balance of 155). However, in 2013 there was a positive balance again for the first time in six years (+60).

Figure 26: Balance of business 'births' over 'deaths' in South Lakeland, 2005-2013

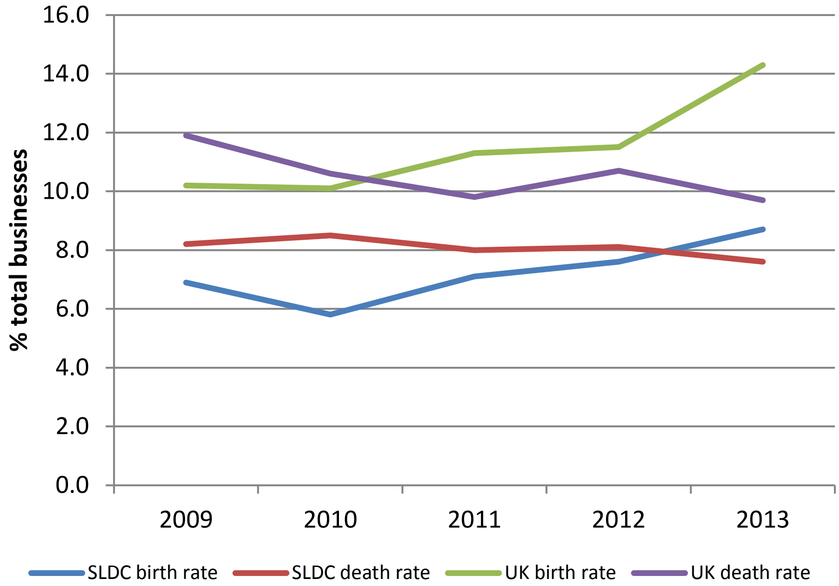


Source: ONS Business Demography

The reason for the negative balance between 2008 and 2012 was principally due to a reduction in the number of 'births' while the number of 'deaths' in fact varied less. This could have been because fewer people had the confidence to establish a business during and after the recession or it could be that those that did remained very small (i.e. not registered for VAT and no. employees) and were therefore not captured for the dataset. However, in 2013 the balance switched from negative to positive for the first time since the recession, with 60 more 'births' and 30 fewer 'deaths' of businesses registered for VAT/PAYE in South Lakeland.

The figure below shows the rate of business 'births' and 'deaths' (as a % of total business population) in South Lakeland and the UK as a whole. This shows that there was a move from a negative balance to a positive one in the UK in 2011, whereas it took until 2013 for the same to happen in South Lakeland. The 'birth' and 'death' rates in South Lakeland have been lower than nationally over the five year period.

Figure 27: Business 'birth' and 'death' rates in South Lakeland, 2009-2013

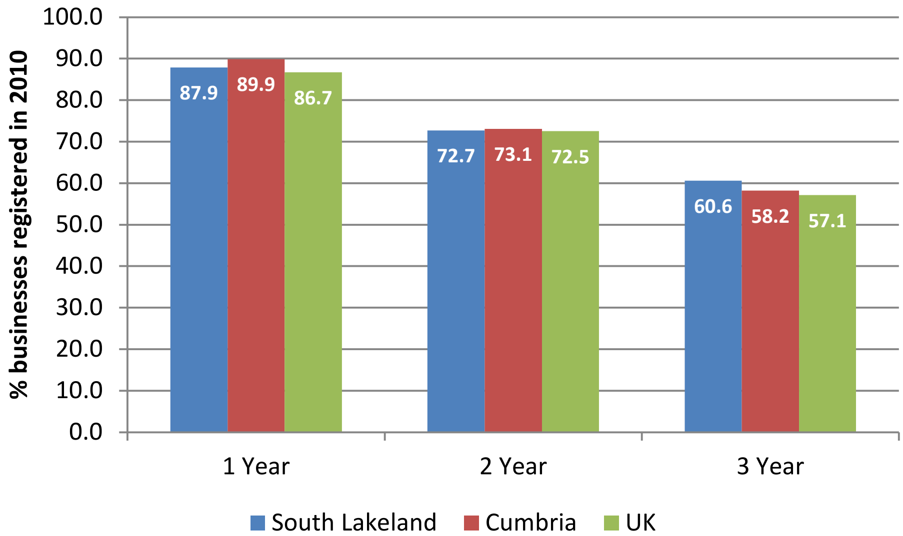


Source: ONS Business Demography

7.2 Survival of VAT/PAYE enterprises

In line with the findings described above about 'death' rates, the survival rate of businesses in South Lakeland once they become VAT/PAYE registered is slightly better than the national average. 60.6% of businesses registered for VAY/PAYE in 2010 continued to be registered 3 years later, compared to 57.1% nationally.

Figure 28: Business 'survival' rates in South Lakeland 2010-2013



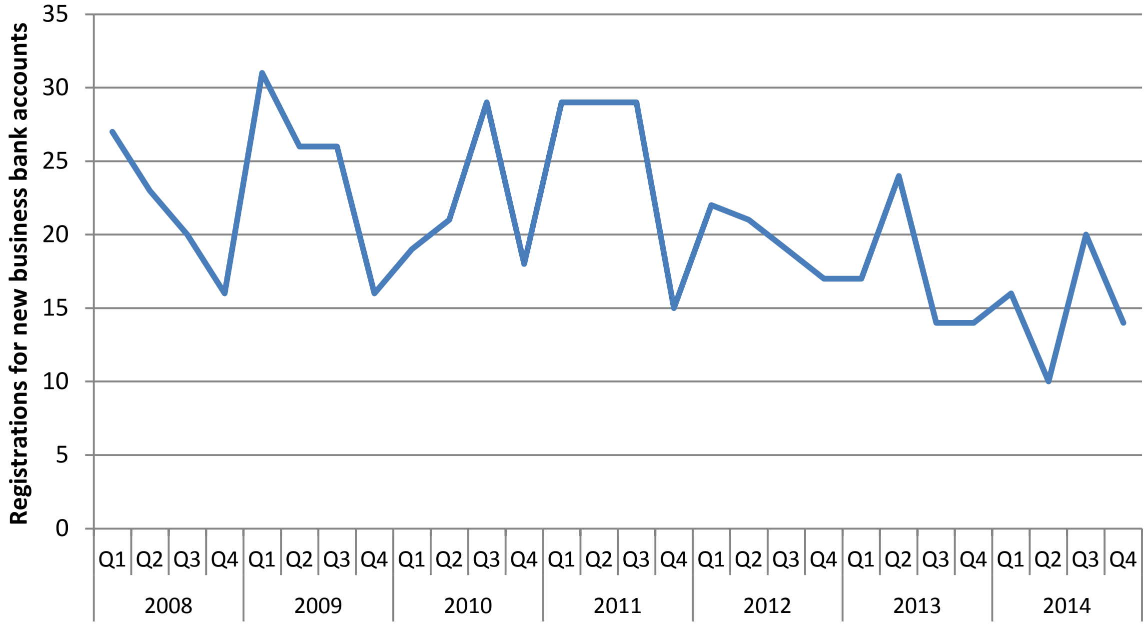
Source: ONS Business Demography

7.3 New business bank accounts

As previously referred to, the ONS business demography statistics relate to first registration for VAT/PAYE which excludes micro businesses from the analysis and may not accurately reflect the number of new businesses being established. Banksearch is a commercial data service which monitors new businesses establishing bank accounts for the first time. Cumbria Intelligence Service subscribes to this service for areas within Cumbria and it shows that in 2014 there were 60 new business bank registrations in Windermere and 699 in South Lakeland.

As would be expected, the number of new start-ups varies from quarter to quarter. As the figure below shows, this was the case throughout the years between 2008 and 2010 in Windermere. However, since mid-2011 there has been a fluctuating decline in the number of registrations for new business bank accounts up until the end of 2014.

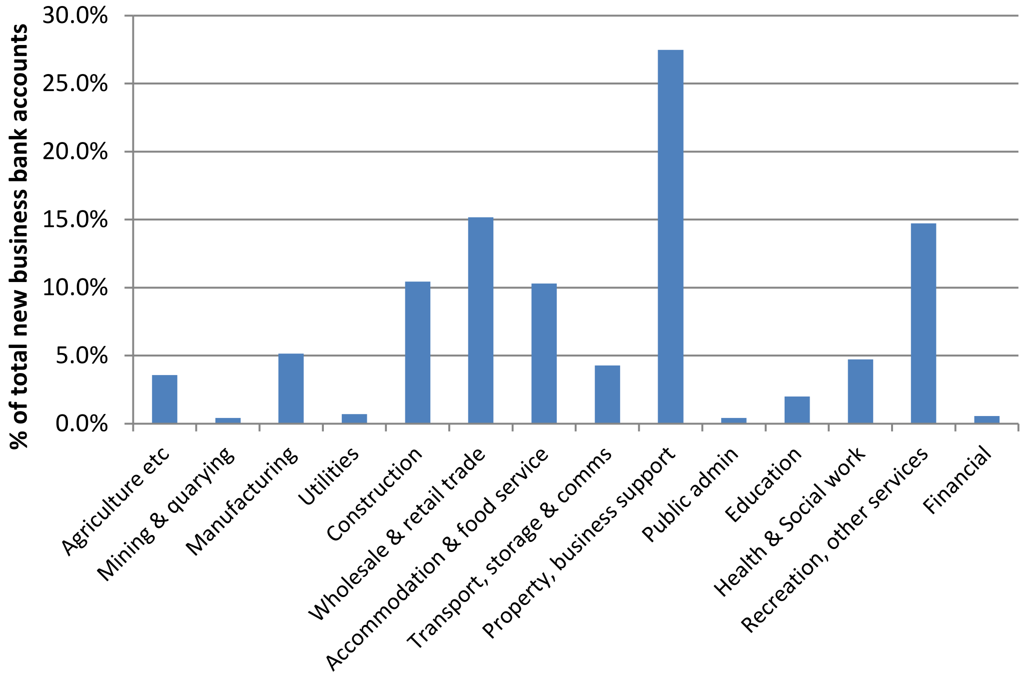
Figure 29: New bank registrations in Windermere, 2008-2014



Source: Banksearch

Sector data from Banksearch for new businesses setting up bank accounts for the first time is only available at district level and this shows that in 2014 the highest proportion of businesses registering for a first business bank account was in the property & business support sector (27.5% of all new accounts), followed by wholesale & retail (15.2%) and recreation & other services (14.7%). There has been a similar trend in the first and latter sectors just mentioned in regards to new start-ups over the past 7 years in South Lakeland.

Figure 30: New business bank registrations by sector, 2014 (South Lakeland)



Source: Banksearch

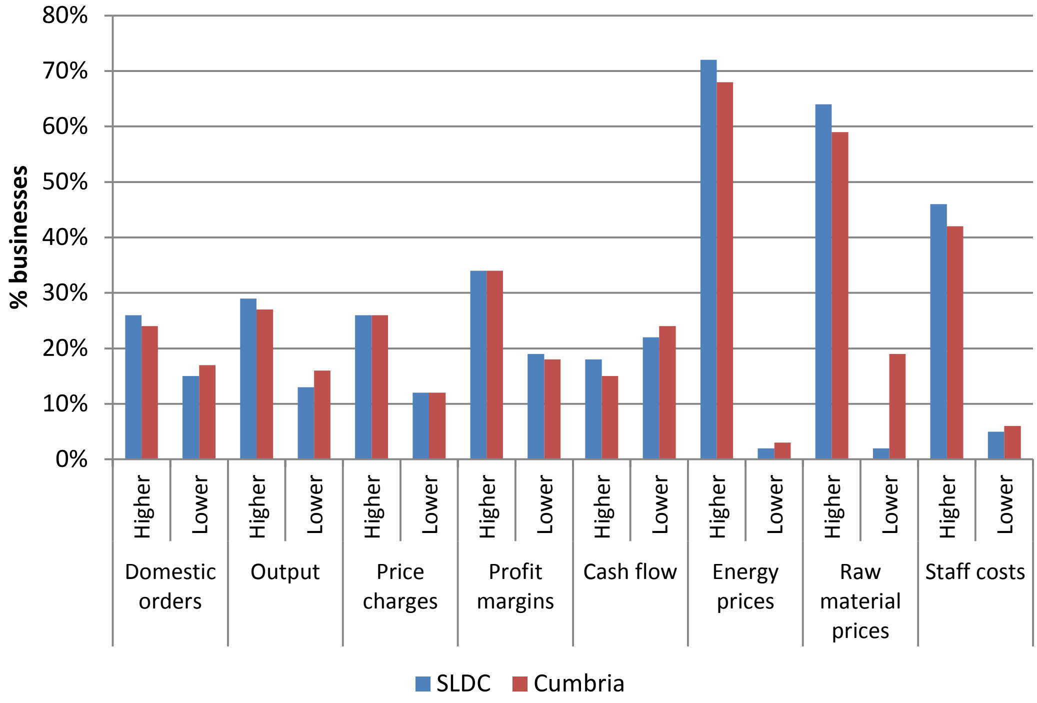
8. Business Growth and Confidence

The 2013 Cumbria Business Survey was commissioned by Cumbria LEP and interviewed 2,000 businesses by telephone during September 2013, 456 of them in South Lakeland. The survey covered a wide range of topics including business performance, skill needs and broadband issues. The survey showed an overall picture of shrinking markets, increasing staff costs and a tighter financial environment.

8.1 Business growth and trends

Businesses in South Lakeland were experiencing much the same pressures as elsewhere in Cumbria with 72% reporting higher energy costs, 64% higher raw material costs and 46% higher staff costs. In terms of business performance, 34% of businesses in South Lakeland reported higher profit margins, 29% higher output and 26% higher domestic orders - again, these findings are similar across Cumbria as a whole.

Figure 31: Business trends in past year (SLDC and Cumbria, 2013



Source: Cumbria Business Survey, 2013

In the 2013 survey, businesses were segmented into three broad groups based on employment or turnover growth. These were defined as follows:

Growers - increased staff by 5% or more or turnover by 5% or more in the past year

Stable - same number of staff or where change was less than 5% and where turnover was the same or had changed by less than 5%

Shrinkers - reduced staff by 5% or more or turnover by 5% or more in the past year (without increase of either factor by 5% or more)

In addition, a sub-set of Growers were those where the increase in employment or turnover was 20% or more.

This segmentation revealed that 27% of businesses in Cumbria were classified as Growers and 30% of those in South Lakeland were (the highest of the six districts). A third of these Grower businesses were in the high growth sub-set in both South Lakeland and Cumbria.

Figure 32: Growth segmentation (Cumbria and districts), 2013

	Growth segmentation			
	High Growers*	Growers	Stable	Shrinkers
Allerdale	9	25	56	18
Barrow	7	23	59	17
Carlisle	9	25	56	18
Copeland	9	26	52	22
Eden	7	28	52	19
South Lakeland	**10**	**30**	**52**	**18**
Cumbria	9	27	54	19

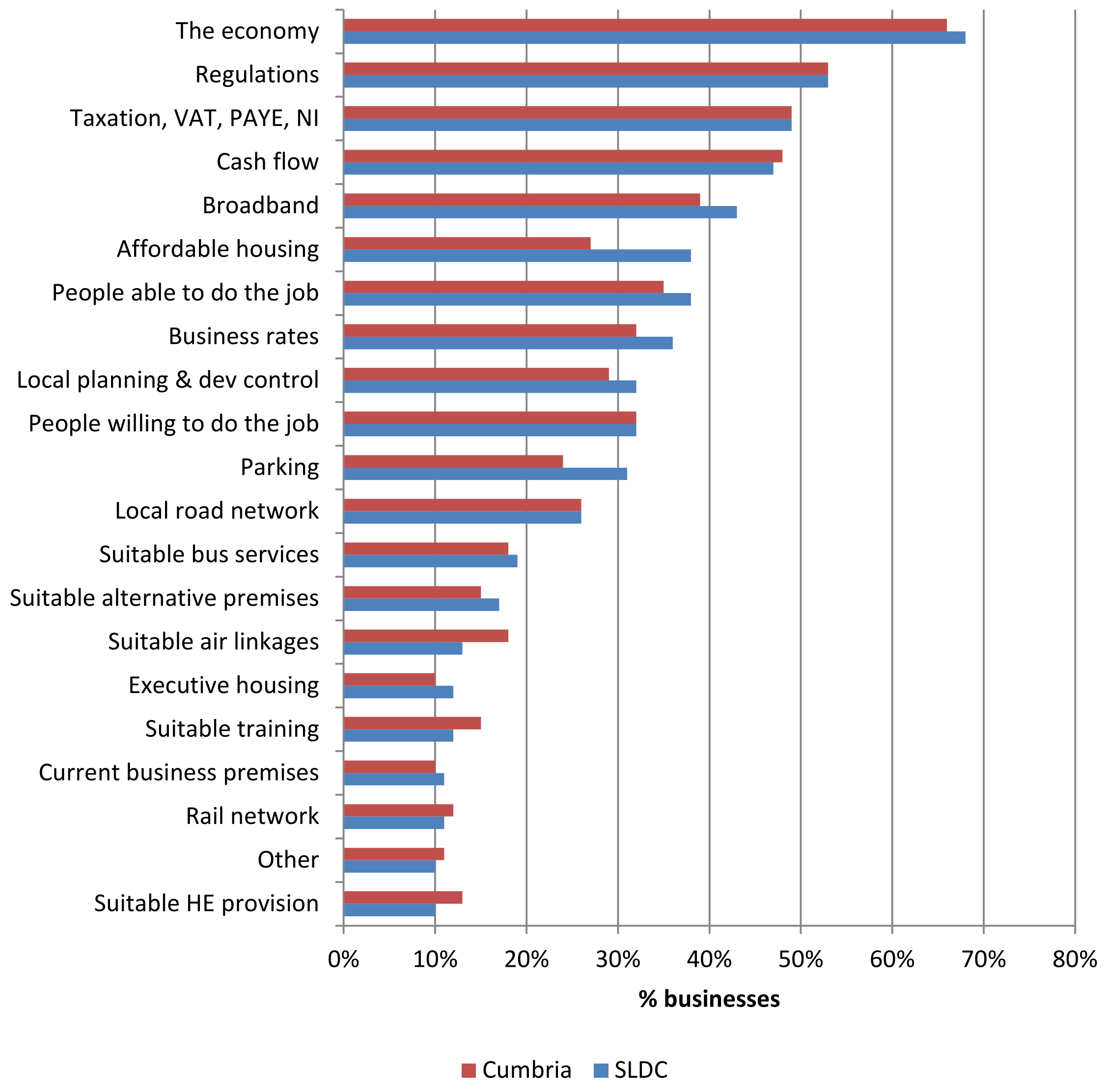
Source: Cumbria Business Survey, 2013
**High Growers are also included in the Growers segment*

Due to sample size, it is not possible to break the district findings down further but across Cumbria Growers were more likely to be found in accommodation & food services and business services while Shrinkers were more prevalent in primary industries. Growers were more likely to be exporters, to have sought external finance, to be innovators, to have a growth plan and to identify skills gaps in their workforce.

8.2 Barriers to growth

Businesses were asked whether certain factors were acting as a constraint to business performance and efficiency. Not surprisingly the economy was identified by businesses across the board as being a barrier but most particularly amongst those in the retail sector and by smaller firms. Access to, and speed of, broadband was mentioned more often in South Lakeland than elsewhere, as were business rates, affordable housing and parking.

Figure 33: Perceived barriers to business performance (SLDC and Cumbria), 2013



Source: Cumbria Business Survey, 2013

9. Gross Value Added

GVA is the value generated by any unit engaged in a production activity, the main components of which are compensation of employees, gross operating surplus and taxes (less subsidies). Sub regional GVA data are only produced down to European NUTS3 areas of which there are two in Cumbria - East Cumbria (Carlisle, Eden, South Lakeland) and West Cumbria (Allerdale, Barrow, Copeland).

9.1 Total GVA

Headline GVA for Cumbria in 2013 at current basic prices stood at £9,674m. East Cumbria provided 54% of this GVA compared to West Cumbria's 46%. This is very similar to the proportion of Cumbria's employees located in each of these areas.

Over the past decade (2003-2013) Cumbria's GVA rose more slowly than the national average with an overall growth rate of 38.3% compared to 43% nationally. The county was the 19th fastest growing in the UK and 2nd fast growing in the North West. The average annual growth rate in Cumbria was 3.3% (3.6% UK). East Cumbria's average annual growth rate over the decade was below the national average at 2.8% while West Cumbria's was above at 3.9%.

Cumbria's growth rate slowed in the past 5 years (2008-2013) to 8.4% placing the area 25th out of 37 sub regions and in the past year (2012-2013) growth was 2.6% placing the county 30th out of 37 (where 1 is the fastest growing).

In the short term (2012-2013) Cumbria's GVA grew by 2.6% compared to the national growth of 3.3%, placing the county 30th in the growth rankings (out of 37). The contrasting fortunes of East and West Cumbria were in further evidence with West Cumbria showing growth just ahead of the national average at 3.4% (55th out of 139) and East Cumbria showing growth of just 1.9% (100th out of 139).

Figure 34: Total GVA and long/medium/short term change

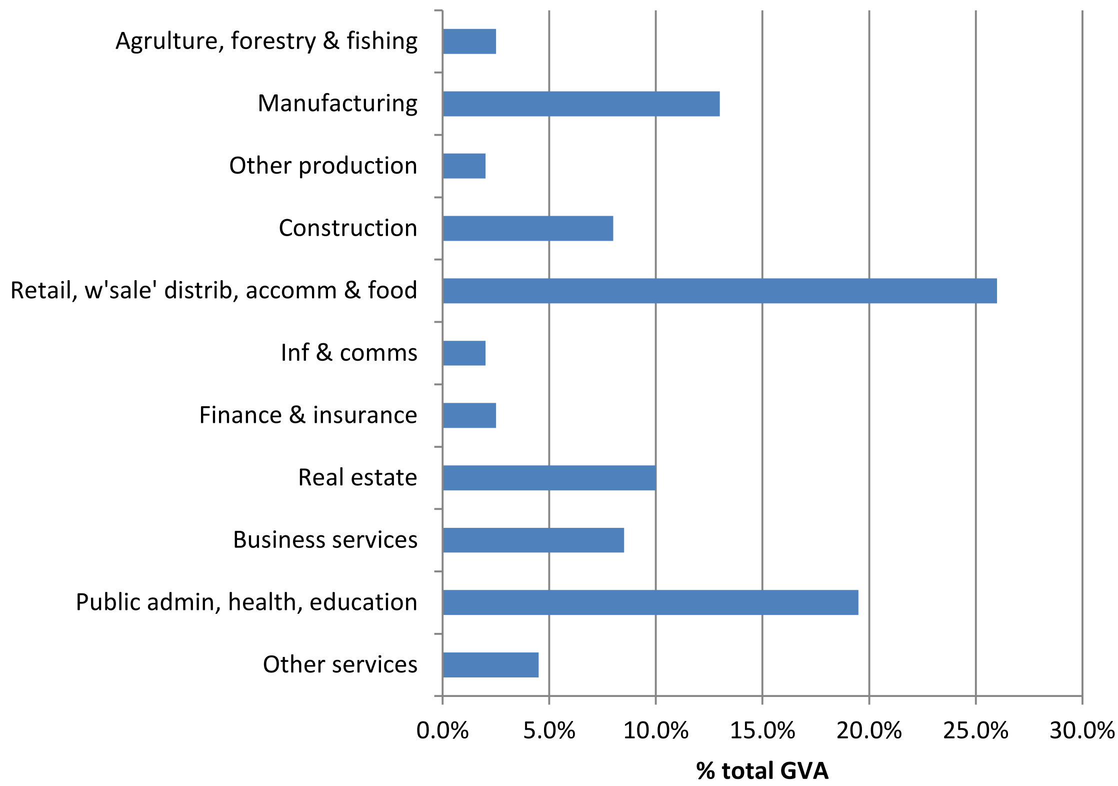
Total GVA						
	Total 2013	**Change 2003-2013**		**Change 2008-2013**		**Change 2012-2013**
	£m	**%**	**Annual Growth Rate**	**%**	**Average Annual Growth**	**Average Annual Growth**
United Kingdom	1,525,304	43.0	3.6	11.4	2.2	3.3
Cumbria	9,674	38.3	3.3	8.4	1.6	2.6
West Cumbria	4,455	46.7	3.9	17.0	3.2	3.4
East Cumbria	5,220	32.0	2.8	2.0	0.4	2.8

Source: Office for National Statistics, 2014

9.2 GVA by sector

Broad sector data for GVA are produced a year in arrears and therefore the latest data are for 2012.This shows that East Cumbria derived over a quarter (26%) of its GVA from the wholesale, retail, distribution, accommodation and food sector, more than double the national average. The second biggest sector in terms of GVA generated is public admin, health and education which contribute 19.5% of East Cumbria's GVA, slightly above the national average.

Figure 35: % total GVA by sector in East Cumbria, 2012



Source: Office for National Statistics, 2014

9.3 Productivity

There are two measures of GVA which are used as a proxy for productivity - GVA per hour worked and GVA per head of population. The former is a better measure of productivity since it relates directly to economic activity. However both sets of data have been included for information.

GVA per hour worked in 2013 in Cumbria was £24.90 compared to £30.10 nationally. West Cumbria's GVA per hour worked was £27.50 while East Cumbria's was £23.10 which reflects the different industrial structure of the two areas. When indexed on the UK, this shows that East Cumbria's GVA per hour worked is only 76.9% of the national average.

Figure 36: GVA per hour worked

GVA Per Hour Worked			
	Per Hour 2013 (£)	**Change 2008-2013 (%)**	**Change 2012-2013 (%)**
United Kingdom	30.1	9.6	1.4
Cumbria	24.9	10.8	2.1
West Cumbria	27.5	15.2	2.7
East Cumbria	23.1	7.2	1.6
GVA Per Hour Worked Index (UK = 100)			
	Index 2013 (£)	**Index Change 2008-2013 (%)**	**Index Change 2012-2013 (%)**
United Kingdom	100.0	n/a	n/a
Cumbria	82.9	0.8	-2.5
West Cumbria	91.4	3.9	1.2
East Cumbria	76.9	-1.5	-5.3

Source: Office for National Statistics, 2014

As the following figure demonstrates, expressing GVA per head of population gives a different picture with East Cumbria having higher GVA per head than West Cumbria as a result of lower population density and high economic activity rates.

Figure 37: GVA per head of population

GVA Per Head of Population						
	Per Head 2013	Change 2003-2013		Change 2008-2013		Change 2012-2013
	£	%	Annual Growth Rate	%	Average Annual Growth	Average Annual Growth
United Kingdom	23,755	32.9	2.9	7.3	1.4	2.5
Cumbria	19,423	36.5	3.2	9.0	1.7	2.8
West Cumbria	19,032	47.1	3.9	18.3	3.4	3.8
East Cumbria	19,770	28.2	2.5	2.0	0.4	1.9
GVA Per Head of Population Index (UK = 100)						
	Index 2013	Index Change 2003-2013 (%)		Index Change 2008-2013 (%)		Index Change 2012-2013 (%)
United Kingdom	100.0	n/a		n/a		n/a
Cumbria	87.9	2.0		0.6		0.1
West Cumbria	81.4	7.7		7.1		1.0
East Cumbria	84.5	-3.3		-5.1		-0.6

Source: Office for National Statistics, 2014

10. Economic Projections

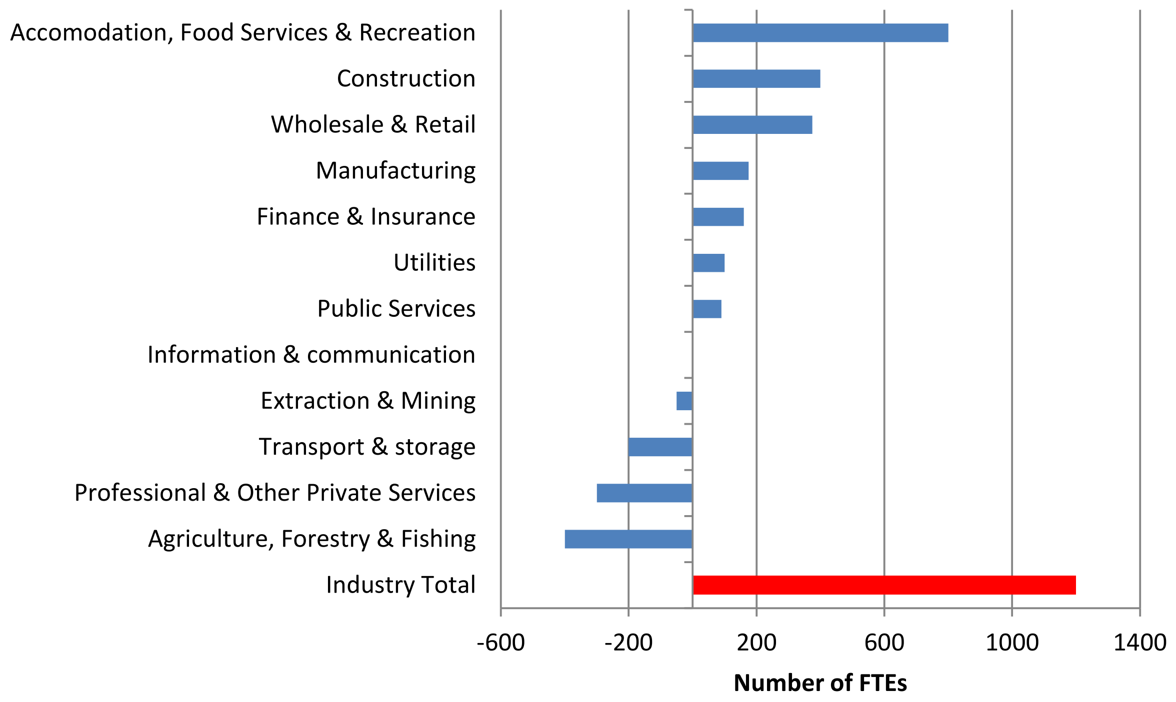
Cumbria Intelligence Observatory has worked with Experian UK for a number of years to produce annual projections of key economic variables. The model works on a top down approach using a combination of short and long term economic drivers and is then adjusted for local economic trends and development in Cumbria to produce county and district level projections. The current set of projections have been adjusted to take into account the latest BAe Systems and Sellafield workforce plans and also the planned development at GlaxoSmithKline but they do not include potential nuclear new build in West Cumbria as no definite decision has yet been made on this *(at time of publication)*. The current projections also do not include potential growth from the LEP Strategic Economic Plan as the level of funding to implement the plan has yet to be confirmed *(at time of publication)*.

10.1 Employment projections

The Experian model estimates that Cumbria will experience job growth of around 5,300 full time equivalents (FTEs) over the next 10 years (a rate of 2.6%) and that South Lakeland will benefit from around 1,200 of those additional FTEs (a growth of 2.7%). This growth is somewhat slower than nationally (8.0%) where significant growth is expected in business and financial services, sectors where Cumbria is under-represented.

The following figure shows the projected numerical change in FTEs by broad sector. The largest growth numerically is projected to be in the accommodation, food services and recreation sector which it is anticipated will recover losses experienced during the recession. The construction sector is also projected to perform well in South Lakeland, partly due to the construction element of the GlaxoSmithKline expansion at Ulverston and this is also partly responsible for projected manufacturing FTE growth in South Lakeland, contrary to contraction anticipated in other areas. Sectors which are not projected to perform so well are agriculture, forestry and fishing which has been gradually losing jobs over a number of years and professional & other services, a sector which is projected to do well nationally and to grow slightly at Cumbrian level but has historically under-performed locally.

Figure 38: Projected FTE change by sector in South Lakeland, 2014-2024



Source: Experian UK Cumbria Economic Model

10.2 Output projections

Experian's model estimates that South Lakeland's economic output in 2014 will be £1.9bn, 22% of the total for Cumbria. By 2024 it is projected that output will be £2.4bn, a rise of £495m (26%). This rate of growth is higher than for Cumbria as a whole (19%) and slightly higher than nationally (24%). This is largely because South Lakeland is projected to experience manufacturing growth (of £265m) which is not anticipated in other areas.

10.3 Occupation & Qualification projections

The Experian model includes some assumptions about the broad occupations present within each sector and the qualification levels associated with these and therefore how demand may change if the projected employment change should occur. Particularly areas of occupation growth in South Lakeland are projected to be elementary admin (+495), health professionals (+395), caring personal services (+285) and corporate managers (+285). Declines in the demand for workers in skilled agriculture (-200), administrative (-190) and secretarial (-175) occupations are projected. The figure below summaries the change in demand for occupations by occupation level and shows the biggest demand will be for higher level occupations, supported by those at level 1.

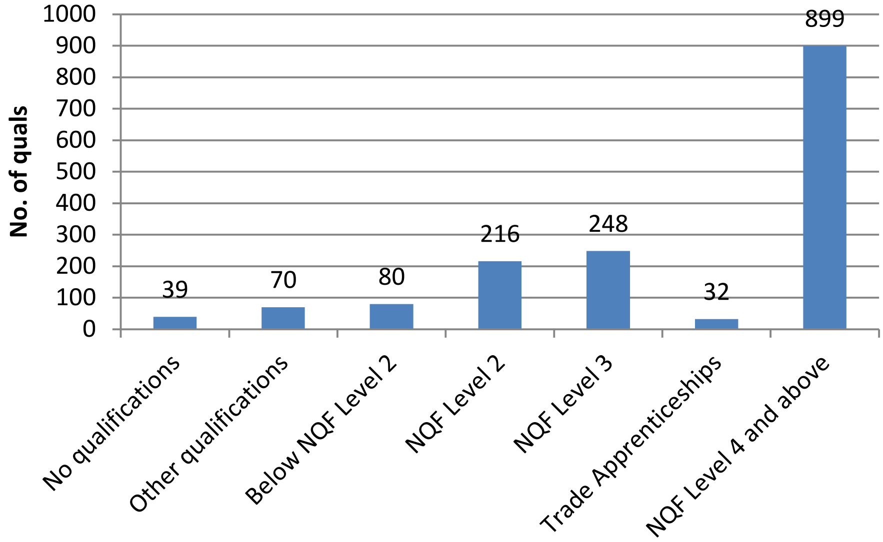
Figure 39: Change in occupation demand in South Lakeland, 2014-2024

	Change	% change
Level 4 occupations	871	7.4
Level 3 occupations	62	0.4
Level 2 occupations	182	1.0
Level 1 occupations	469	5.1

Source: Experian UK Cumbria Economic Model

The projected change in occupation demand translates into demand for additional qualifications in the workforce and will see a projected need for around 900 extra Level 4 and above qualifications in the South Lakeland workforce.

Figure 40: Change in qualification demand in South Lakeland, 2014-2024



Source: Experian UK Cumbria Economic Model