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Professor Frank Peck is research director of the Centre for Regional Economic Development (CRED) at the University of Cumbria's Institute of Business, Industry & Leadership

A year of rebuilding and economic recovery headline extended please

Professor Frank Peck argues that despite many challenges, Cumbria has unique assets upon which to build in 2022



In January 2021, economic forecasts for the year ahead varied considerably. Pessimists predicted further economic decline, while optimists suggested growth could be as high as 6%. We now know that the optimists got it right, as the latest forecasts for 2021 suggest growth of around 7%.

Looking ahead to 2022, forecasts are much less wide-ranging (between 3.5% to 8%) and averaging 5%. Most analysts point out, however, that the recovery will be faltering (see, for instance, National Institute for Economic and Social Research, UK Economic Outlook, Autumn 2021).

Many of the signs of this faltering growth are already apparent. Coronavirus measures have created huge disruption to production on a global scale. Shortages of intermediate goods have tended to inflate prices of imports. In recent months, these supply constraints have been exacerbated by a shift in consumer spending from services towards goods. Price rises and lower wage growth then threaten to dampen consumer confidence.

Within the UK, recovery has also been uneven between sectors. There has been heightened demand for transport, storage, food production and distribution which contrasts with the difficulties experienced in the

hospitality, arts and cultural industries. In manufacturing, industries with highly international supply chains, notably the automotive industry, have experienced much more disruption than others.

In the context of this uneven recovery from the pandemic, what can be said about the prospects for the Cumbrian Economy during 2022?

There are some reasons for optimism – Cumbria has unique assets that will prove advantageous for economic recovery.

Firstly, the two major industrial employers in the county have work programmes that guarantee significant levels of employment during 2022 and well beyond.

In Barrow-in-Furness, BAE Systems has an impressive order book arising from the Astute and Dreadnought submarine programmes that assures continuity of employment for around 10,000 workers at least over the next five years.

Similarly, Sellafield provides employment directly for around 10,000 workers as well as significant spent in the supply chain. In the longer term, of course, the facilities at Sellafield are in the process of being decommissioned, but this is a complex, long-term process. According to Copeland Economic



Development Needs Assessment (August 2021), “the total amount of resource being used by Sellafield Ltd is expected to remain relatively static through to 2030” (p. 67). There may be significant reorganisation arising from off-siting of activities from Sellafield, but the net effect is expected to redistribute rather than reduce jobs and activities.

Cumbria also has unique tourism assets. These include not only the Lake District National Park but also Hadrian’s Wall World Heritage Site and three Areas of Outstanding Natural Beauty (Solway Coast, Arnside & Silverdale, North Pennines). These assets have been highly significant in the resilience displayed by businesses in seeking to build recovery through growth in the staycation market.

Despite the effects of the pandemic on the Cumbrian economy overall, the cessation of the furlough scheme has not had the negative impacts that might have been anticipated. According to the most recent figures, the unemployment rate based on claimant count for Cumbria (3.2%) is well below

the national average (4.8%) and parts of the county that have customarily experienced higher levels of unemployment have also performed relatively well (Barrow 4%, Copeland 3.5%).

These positive attributes, however, should not mask the undoubted challenges facing the county in 2022. In the short term, there is a need for investment in businesses seeking to recover from the effects of the pandemic. On the West Coast and in Barrow, the retention of supply chain functions depends a great deal on investment in skills, infrastructure and premises in these local areas.

The future of the land-based economy also demands attention in the light of the phasing out of subsidies and the transition to new payments based on environmental outcomes.

While rebuilding and recovery might be a realistic goal for 2022, beyond this, many of the issues identified in Cumbria’s Local Industrial Strategy (2019) will inevitably return to the fore – addressing skills deficits, raising productivity and innovation in the green economy.