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BUSINESS BRIEFING

THE MAIN STORIES FROM THE MONTH IN CUMBRIAN BUSINESS



The retail sector has been badly hit with a reduction of about 3,000 jobs



Professor Frank Peck

Recent data on employment change shows how the major sectors in the county have performed between 2019-2021

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Commentators on the economy in recent years have debated “bounce-back” - the extent to which industries, firms and local economies have been able to recover from the shock imposed by the pandemic. Assessment of the level of bounce-back has become more plausible with the passage of time as new (and possibly more reliable) data has been published. Usefully, we now have a time series on employment by sector over the period of the pandemic between 2019 and 2021 which enables some initial assessment of change in the economy over that period of major disruption to economic activity.

The data, of course, is not perfect. It is based on a sample survey of workplaces conducted in September of each year. Due to potential sampling errors, numbers are rounded and therefore sectors with small numbers need to be handled with care. The survey is also taken in September so the data does not fully capture the peak of employment in hospitality, which is one of the county’s key sectors. But even so, with a response rate of around 70 per cent, it is more reliable than many surveys of this type.

With these caveats in mind, the structure of employment in 2021 looks very familiar, suggesting that the economy of the county has retained many of its pre-pandemic characteristics. Out of a total of 251,000, key sectors for Cumbria include manufacturing (36,000), health (33,000), accommodation



Manufacturing remains a key sector for Cumbria, although it has seen a decline in employment

and food services (31,000) and retailing (24,000). In 2021, these four sectors combined accounted for half of all employment in the county. Other significant employers in Cumbria included construction (17,000), education (15,000), agriculture, forestry

and fishing (14,000,) and professional, scientific and technical services (14,000).

Overall, employment in Cumbria declined by minus 2.3 per cent (-6,000) between 2019 and 2021, reversing a trend of growth which was experienced in the previous three years (plus 3.4 per cent between 2017 and 2019). There are, however, some significant differences in performance between sectors as well as notable contrasts in local experience compared to national trends.

Poor employment performance was particularly noticeable in two key sectors in Cumbria; manufacturing and retailing. In the years prior to the pandemic, employment in manufacturing experienced several years of stability at around 39,000. However, during the pandemic, employment in this sector fell by approximately 3,000 (minus 7.7 per cent). The retail sector had previously been affected by heightened competitive pressures and these have clearly intensified during the pandemic – the county experienced a net decline of 3,000 jobs, a fall of 11.1 per cent.

Several smaller sectors also experienced high percentage falls in employment, notably in motor trades (minus 28.6 per cent) and arts, entertainment and recreation (minus 18.2 per cent). These two sectors have clearly been affected negatively by restrictions on movement and mobility of persons and appear not to have recovered from this at the time of 2021 survey.

On the other hand, several sectors appear to have experienced growth in these years. There has been significant recovery of employment, in particular construction (plus



The trend in employment in the health sector is also of interest, given the demands placed upon these services during, and now beyond, the pandemic

21.4 per cent) and another of the county's key sectors, accommodation and food services (plus 10.7 per cent).

Both of these sectors significantly out-performed the national trend. Accommodation and food services actually experienced a slight decline in employment in Great Britain as a whole. For those working to support growth in the economy, this can be taken as an encouraging sign of the resilience of businesses in the tourism sector and the uniqueness of Cumbria as a tourist destination.

The trend in employment in the health sector is also of interest, given the demands placed upon these services during, and now beyond, the pandemic. Between 2019 and 2021, employment expanded by around three per cent – good news in one sense, but clearly nowhere near sufficient to meet demand for healthcare as evidenced by the major increase in unfilled job postings in the current period. Data also shows signs of recovery in some of the county's smaller sectors – notably in finance and insurance

(plus 20 per cent) and property (plus 14 per cent).

Finally, it is tempting to ignore those sectors where there has been very little apparent change between 2019 and 2021. However, there are questions to be asked about how local experience compares with the national trend. Transport and storage, for instance, recorded no change in Cumbria but this contrasts with an increase of over five per cent in GB as a whole – it appears that the transport sector in Cumbria has not shared in the growth experienced nationally. This is also the case for public administration and to a lesser extent, education. On the other hand, while the wholesale sector was static between 2019 and 2021, this contrasts with a minus 7.8 per cent fall in employment nationally, indicating a better performance in Cumbria compared to elsewhere.

While in general many of these trends have fairly well-known explanations, detailed investigation is required to understand the subtle variations that occur between sectors and territories. New data for 2022 is due to be published shortly, and this may shed more light on the processes that underlie these patterns of change. Indeed, for some sectors, 2021 may be too early to assess the state of recovery in the economy.

As time moves on, however, fresh challenges increasingly influence these trends – such as climate change and the conflict in Ukraine – alongside the longer-term effects of Brexit and the combined effects of the investment plans of individual businesses as they respond to the changing economic environment.



Construction is one of the out performing sectors