CUMBRIA LOCAL ECONOMIC ASSESSMENT

KEY FINDINGS FOR

ALLERDALE & COPELAND

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Introduction

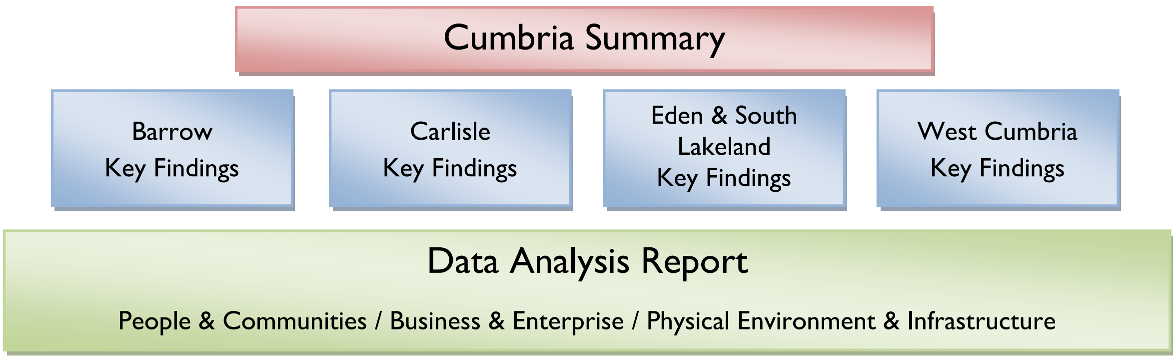
Recent legislation contained within the Local Democracy, Economic Development and Construction Bill placed a statutory duty on local authorities to undertake a Local Economic Assessment (LEA) from April 2010.

The aim of LEAs is to equip local authorities and partners with a common understanding of local economic conditions and economic geography and of the social and environmental factors that impact on economic growth. This assessment should provide both a tool and an evidence base to help target and prioritise limited resources and interventions in order to stimulate economic growth and recovery in Cumbria, particularly in the austere years of limited public funding to come. It will also help contribute to the development of Cumbria's Local Enterprise Partnership (LEP).

This document is part of a suite of documents which together comprise the Cumbria Local Economic Assessment and which arose out of a series of consultation events held across Cumbria. The report is therefore best read in conjunction with the similar reports for Barrow, Carlisle and Eden & South Lakeland and the overarching Cumbria-wide report, which all follow a similar structure. This report uses data from the comprehensive Cumbria Local Economic Assessment Data Analysis Report which can be downloaded at http://www.cumbriaobservatory.org.uk/AboutCumbria/economy/cumbriaeconomicassessment.asp and which will be updated on a quarterly basis so that it is always kept up to date with the most recent data releases.

The ultimate test of the LEA will be its appropriate use by a range of different organisations. The Cumbria LEA has a potentially large audience of people interested in the field of economic intelligence, from businesses making investment decisions, through commissioners of skills provision to practitioners drafting local policies and strategies. For this reason the document has been structured as in the diagram below. This structure provides different points of access at differing degrees of detail and it is hoped that this will make Cumbria's LEA as accessible as possible to the wide variety of people who may be interested in its content.

Structure of Cumbria's Local Economic Assessment



CONTEXT

West Cumbria consists of the two Districts of Allerdale and Copeland

West Cumbria encompasses the two local authority areas of Allerdale and Copeland. While the territory has a large rural hinterland including the fells and mountains of the Western Lake District, many of the principal settlements on the West Coast have been significant centres of industry and technology since the 19th century. These include the two principal towns of the local authorities at Workington (Allerdale) and Whitehaven (Copeland).

West Cumbria has a long industrial history

The population of West Cumbria expanded at a very rapid rate through the 19th century associated with the exploitation of iron ore and coal. These resources provided the basis for the development of the iron and steel industry, railway and mining engineering as well as the shipment of coal from ports on the West Coast. Despite recession in the inter-war period, West Cumbria remained a significant centre of heavy industry for most of the 20th century including growth of the chemical industry and, more significantly, the construction of the world's first commercial nuclear power station at Calder Hall during the 1950s.

…. and the communities today are heavily dependent on the nuclear industry

Since the 1970s, the traditional industrial base of West Cumbria has largely declined marked by successive closures of plants and announcements of redundancies. The nuclear industry, however, has continued to provide employment in nuclear waste management and new facilities for reprocessing of nuclear fuel. As a consequence, the economy of the area is currently highly dependent upon Sellafield and the nuclear industry.

West Cumbria also contains a large rural area

While West Cumbria has a significant industrial heritage, the area also contains spectacular scenery and natural assets of national significance including the Solway Coast AONB in North Allerdale, Keswick, one of the most well-known Lakeland towns, some of the more remote and less well-known parts of the western Lake District as well as varied and attractive coastal scenery.

…. and is disadvantaged by its geographical remoteness

The Lake District is undoubtedly a major asset for West Cumbria but it also represents a physical barrier. West Cumbria is relatively isolated from other centres of population and the coastal settlements are around 40 miles from the M6 and stations on the West Coast Mainline. Access to the area depends in particular on the A66 link to the M6 motorway which traverses the northern Lake District.

PEOPLE AND COMMUNITIES

De-industrialisation over the past 20 years has led to population loss

One consequence of the decline of the traditional industrial base of West Cumbria over the past 20 years has been a gradual decline in population, particularly those of working age. Latest estimates indicate that there are approximately 164,000 residents in West Cumbria but this total has declined by 2.1% since 1991 representing a net loss of 3,600 people. The proportion of the population of working age has also fallen, most notably in Allerdale (though this trend is not been as prominent as in the more rural parts of East Cumbria).

.... but since 2001 population totals have been more stable

The decline in population, however, was most severe during the 1990s when the total in Allerdale fell by 2.7% and in Copeland by 3.1%. Since 2001, however, population totals in West Cumbria have been relatively static although the proportion of those of working age has continued to decline particularly since 2005.

Employment opportunities depend increasingly on the nuclear industry

As noted earlier, employment opportunities for residents in West Cumbria depend increasingly on Sellafield either directly or indirectly via the wages and salaries paid to those who work in the nuclear industry. The nuclear industry has a striking effect on average resident earnings in Copeland (£625 gross weekly earnings for full time workers) which are well above the NW regional figure (£460) and the national average (£489). The figure for Allerdale (£461), however, is much closer to these averages. These figures on average earnings, however, mask differences between male and female workers. Data suggests that the salaries of full time male workers in Copeland are one and a half times the level of full time females which is a wider gender difference in pay compared to national averages (1.25 times).

Unemployment rates are currently relatively low

Partly due to the capacity of the nuclear industry to absorb shocks to the labour market created by closures in other sectors, the proportion of people of working age claiming job-seekers allowance (JSA) in West Cumbria is currently below the national average (3.6% in August 2010) in both Copeland (3.2%) and Allerdale (2.9%).

.... although levels of deprivation are high in some local areas

Despite this fairly positive picture provided by data on current earnings and unemployment, other sources suggest that significant pockets of economic deprivation and worklessness persist in West Cumbria. There are 13,550 people claiming out-of-work benefits in West Cumbria in 2010 of whom 8,220 are on Incapacity/ESA benefit. There are 3,900 Incapacity/ESA Claimants in Copeland representing 8.7% of the working age population which is close to the NW average (8.8%) but considerably higher than the national rate (6.7%). The rate was lower in Allerdale (7.3%) but nonetheless affected a significant number of residents (4,320). Worklessness, however, tends to be concentrated in particular residential areas. The proportion of residents claiming out-of-work benefits continues to be particularly high in South Whitehaven (Sandwith (26.8%), Mirehouse (22.7%) and Harbour (22.5%) and in Moss Bay (32.2%) and Moorclose (22.7%), Workington and Ewanrigg (23.3%) in Maryport.

Educational attainment varies across the area

GCSE achievements in 2009 indicate that pupils in West Cumbria compared reasonably well with other areas of Cumbria. In that year, the proportion of pupils obtaining at least 5 GCSE passes graded A*-C in both Allerdale (66.4%) and Copeland (66.3%) was close to the Cumbrian average (66.7%). The proportion of pupils achieving passes in at least two A level subjects was also very close to the national average (around 95%). However, pupils of Copeland achieve lower pass rates in GCSE Maths and English, and the proportion of pupils achieving three A grades was the lowest in Cumbria (5.1% compared to 9% for Cumbria and the national rate of 12.7%). GCSE pass rates were particularly low in Ellenborough (36.2%) and Sandwith wards (41.2%).

…. and the proportion of residents with high level qualifications is low

In the working population as a whole, West Cumbria has a deficit of residents with higher level qualifications. In 2009 the proportion of the population qualified to NVQ3 and above was comparatively low in Allerdale (39.5%) and Copeland (43.6%) compared to the NW Region (46.9%) and national averages (49.3%). The proportion of residents qualified at level 4 and above is particularly low in Copeland (15.2% compared to 25.4% in Allerdale and the national average of 29.8%).

BUSINESS AND ENTERPRISE

West Cumbria is highly dependent upon the nuclear industry

The business structure of West Cumbria is unique in terms of the level of dependence on a single industry and one major employer (Sellafield Ltd). In 2008, there were 63,400 employees in West Cumbria of whom just less than one third (20,000) were employed in manufacturing and construction industries. The other significant sectors in the West Cumbrian economy include retail and wholesale activity as well as hotels and restaurants (15,100 jobs or 24%) and health, education and public administration (14,800 or 23%).

…. and the level of dependence has increased over time

In the past ten years, many significant non-nuclear industrial sites have closed in West Cumbria, including prominently the Rhodia Chemical plant in Whitehaven and Corus Steel in Workington. In spite of this, the industrial workforce in West Cumbria has been protected in the short term by relatively buoyant demand for labour at Sellafield. This is reflected in recent trends in West Cumbria which show that aggregate employment fell in manufacturing by only 700 (-4.2%) between 2003 and 2008. This loss was offset, however, by an increase of around 800 workers employed in the construction industry. As a consequence of this pattern of change, the surviving industrial employment in West Cumbria is increasingly concentrated in the nuclear industry and its associated supply chain.

There has also been volatility in the service sector

There has also been some volatility in the service sector. Data suggests that employment in retail and wholesale activities in West Cumbria fell by 18% between 2003 and 2008, a net loss of around 2,000 jobs. Again, this was partially compensated by a net increase of 1,100 jobs in hotels and restaurants. This implies that parts of West Cumbria have benefited from the general increase in visitor numbers to the County; Cumbria Tourism estimate that West Cumbria benefited from 4.4m tourist visitors during 2008 generating a spend on local services of £346m. Employment in services has been protected by activities predominantly in the public sector (health, education and public administration) which remained fairly stable throughout this time period.

The number of registered businesses has fallen in the past two years

Evidence of the impact of the recent economic downturn on business in West Cumbria can be seen in the number of businesses registered for VAT or PAYE. The stock of registered businesses in the area fell from 6,525 in 2008 to 6,385 in 2010, a net decline of 140 registrations. This decline in number of businesses (-2.1%), however, was less severe than in Cumbria (-2.8%) and the NW as a whole (-3.8%).

…. while the rate of new firm formation has been relatively low

This data can also be used to provide an indication of the rate of new business formation (birth rate). Using latest available analyses for 2008, there were 265 new registrations in Copeland and 345 in Allerdale. Expressed as a ratio per 10,000 population, the "birth rate" in that year was 45.7 in Copeland and 44.3 in Allerdale, both of which were below the Cumbrian average (47.7) and considerably lower than the rate for England as a whole (57.2). This variance is not unexpected as new firm formation rates tend to be lower in rural areas of the UK and also in labour markets that are dominated by large employers.

…. business survival rates have been above average

It is also the case, however, that West Cumbria experiences a lower rate of business deregistration indicative of above average rates of firm survival during 2008. This data shows that the rate of business survival after three years (proportion on the register in 2005 that survived to 2008) was particularly high in Copeland (76.9%) which was well above the average for Cumbria (71.8%) and England (64.6%).

The 2009 floods created difficulties for many businesses in West Cumbria

The severe flooding that occurred in November 2009 presented another significant challenge to businesses operating in West Cumbria. Of the 317 respondents from Allerdale, two-fifths had experienced loss of power or telecommunication s and were unable to trade for a period of time. A high proportion of respondents from Copeland also cited problems with staff travel, and links with suppliers and clients. The most significant costs related to taking on temporary premises and structural repairs to properties. It was noted that insurance covered only part of the cost of damage to buildings and most received no compensation for interruption to normal trade.

PHYSICAL INFRASTRUCTURE AND ENVIRONMENT

West Cumbria has very varied urban environments

West Cumbria is characterised by very varied natural and built environments. In terms of urban areas, Whitehaven and Maryport have retained much of their historic Georgian town centres and harbour areas which have provided a focus for much regeneration activity in the past decade. The centre of Workington has been redeveloped in recent years combining investment in public realm with private investment in a major new shopping centre. Investments have also been made in new business sites and premises particularly at Lillyhall and West Lakes Science and Technology Park which has provided a high quality environment for recent investors in the nuclear industry.

…. and rural areas with highly distinctive characteristics

The surrounding rural areas are extremely varied including the Solway Plain and the three market towns of Wigton, Aspatria and Silloth in North Allerdale. Despite recent floods, Cockermouth situated on the edge of the National Park retains much of its historic character as a market town. The Lakeland town of Keswick and surrounding areas of Bassenthwaite Lake, Derwent Water are situated within Allerdale while Copeland includes many of the more remote parts of the national park including Ennerdale, Wastwater and Eskdale as well as significant tourist attractions and impressive coastal scenery at Ravenglass.

Most urban settlements concentrate in a narrow coastal area

The major challenges for physical development in West Cumbria, however, largely relate to the physical accessibility of the area and the historic legacy of past phases of industrialisation and urban growth. The majority of the population lives in the relatively narrow coastal strip stretching from Silloth in the North through Maryport, Workington, Whitehaven and Egremont to Millom in the south. The area, however, is fragmented into different housing market areas, the principal ones focused on Workington and Maryport, Cockermouth, Whitehaven and Millom.

…. and these settlements are remote from other centres of population

Apart from the special role of West Cumbria in the nuclear industry, West Cumbrian towns experience disadvantage in attracting investment due to the remoteness of the area. This also affects the ability of some organisations to retain key workers and attract tourists. In a recent survey, 45% of businesses in Copeland identified the road network as a particular concern for business. While there have been recent improvements to the A595, only parts of the A66 route to the M6 motorway consists of dual carriageway. The route to the M6 to the north via the A595 is poor but this may be improved by the construction of the Northern Bypass around Carlisle. As regards rail links, the coastal towns are on the Cumbrian Coast Line and many workers use the line to commute to Sellafield which is the third most used station in the whole of Cumbria.

The housing stock has increased but a significant amount is of low quality

The total dwelling stock in West Cumbria increased between 2001 and 2008 by 4.3% which was very close to the Cumbrian average (4.4%). Evidence suggests, however, that these housing markets experience varying degrees of imbalance which is being addressed in part through Housing Market Renewal. One measure of this concerns the level of house vacancy which was quite high 2008-9 in Copeland (4.8% of stock) though less prevalent in Allerdale (2.7%). Copeland also has a much higher proportion of sub-standard housing (9.3% classed in category 1 hazard).

…. and up to 2008, there was evidence of growing issues for housing affordability

Although less extreme than in the rural areas of the County, trends over time indicate a growing issue of housing affordability in West Cumbria. The house price to earnings ratio for Allerdale rose to 5.81 in 2008 which was above the average for Cumbria (5.77). In Copeland, the figure reached only 3.8, but this had increased by 130% since 2003, the most rapid rise in the County.

West Cumbria has considerable amount of available commercial & industrial land

Past phases of industrial change and closure have contributed towards an increased supply of land available for employment use, all of which is classed as "previously developed land". Some of these "brownfield" sites will evidently require reclamation to bring them into use and others may present barriers created by access problems and other planning constraints.

However, there is an oversupply of poor quality units

An employment land study completed in 2008 identified an oversupply of poor quality older industrial units and a shortage of modern smaller scale workshop type accommodation, particularly suited to newer businesses. Higher quality office locations suited to local and inward investors, are located at Westlakes Science and Technology Park (36ha), Dovenby Hall Estate and Lakeland Business Park. Lillyhall Business Centre provides good quality small scale offices particularly attractive to younger companies. A lack of high quality office space for non-nuclear uses in Workington and Whitehaven Town Centres was also noted.

SUMMARY TABLE

STRENGTHS	WEAKNESSES
People and communities	
Since 2001 population totals stabilised and employment has grown	The long term population trend over the past 20 years has been marked by decline
The nuclear industry has generated growth in employment since 2001	The area is now very dependent on Sellafield for well-paid employment
JSA claimant unemployment rates are currently below the national average	Levels of deprivation are high in some local areas
Educational attainment is comparable with the average for Cumbria	There are very low levels of attainment in deprived communities
	The proportion of residents with high level qualifications is low
Business and Enterprise	
West Cumbria derived considerable economic benefit from the nuclear industry	The level of dependence on the nuclear sector has increased over time
Since 2003, there has been employment increase in hotels and restaurants.	Employment in retail and wholesale activities has fallen
Employment in public services has remained fairly stable up to 2008	Public service jobs which account for 23% of the total are vulnerable
Business survival rates have been above average in the past three years	The rate of new firm formation has been relatively low

	The 2009 floods created difficulties for many businesses in West Cumbria
Physical Infrastructure and environment	
West Cumbria has many attractive urban settlements including harbour towns	A significant amount of the existing housing stock is of low quality
There are rural areas with highly distinctive landscapes and settlements	Access to some of the rural areas for visitors and residents alike is poor
There have been recent improvements to the A595 and links to the M6 northwards may be improved by the Northern Relief Road at Carlisle	West Cumbrian towns experience disadvantage in attracting investment due to remoteness and poor transport links
West Cumbria has a considerable amount of available commercial and industrial land.	There are high quality sites available but an oversupply of poor quality units

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