

TheCityUK

Enabling growth across the West Midlands

a manifesto for the mayor



Foreword

On 2 May, voters in the West Midlands will head to the polls to choose our metro mayor.

This election presents an opportunity to ensure that the financial and related professional services industry plays an even more significant role in creating jobs and driving growth and prosperity across the region. According to the latest available data from our report, 'Enabling growth across the UK 2023', the industry employs around 145,000 people and contributes over £11 billion (7.7% of the region's economic output) to the West Midlands' economy. It also plays an important role in enabling the transition to net zero and makes a real difference to people in their daily lives, helping them to save for the future, buy a home and manage risk.

Jobs in the financial and insurance sectors across the region pay, on average, over £7,700 more than the regional average. These jobs and the other products and services provided by the industry make a real difference in people's lives—helping them save, buy homes, invest in businesses, and manage risk.

The West Midlands has a significant concentration of activity in banking, accounting and legal services and management consulting services. Birmingham is the second-largest city in the UK in terms of financial and related professional services employment, after London, with nearly 60,000 jobs.

This manifesto outlines practical and affordable ways for the West Midlands' mayor to continue to foster economic growth and tap into the full potential of our industry.

Sandra Wallace CBE

TheCityUK Chair in the Midlands

The West Midlands has a significant concentration of activity in banking, accounting and legal services and management consulting services.

Birmingham is the second-largest city in the UK in terms of financial and related professional services employment, after London, with 59,120 people in the industry.

Around 145,000 people are employed in the West Midlands' financial and related professional services industry. This represents 5.4% of regional employment, and the industry accounts for 7.7% of the region's GVA.

Birmingham is a major financial centre with 59,120 people in employment in financial and related professional services industry, accounting for 10.5% of the city's total employment. Of these, the largest proportion work in management consultancy, followed by banking. The industry generates more than 16% of the city's GVA. Birmingham's credentials as a major financial centre were strengthened by HSBC's establishment of its UK headquarters in the city in 2018. In 2021 Goldman Sachs opened a new office in Birmingham – its largest outside London. Birmingham is also home to a larger number of other financial and related professional services firms including Deutsche Bank, DLA Piper, Eversheds Sutherland, Gowling WLG, Deloitte, EY, KPMG and PwC. Al Rayan Bank, Britain's first sharia-compliant retail bank, is also headquartered in Birmingham. Industry employment in the wider West Midlands Combined Authority (distinct from the West Midlands region) totalled 91,000.

Alongside this, major projects have the potential to drive regeneration and local economic growth. Phase One of HS2, which will link London and Birmingham by high-speed rail promising to improve Birmingham's connectivity with the capital.

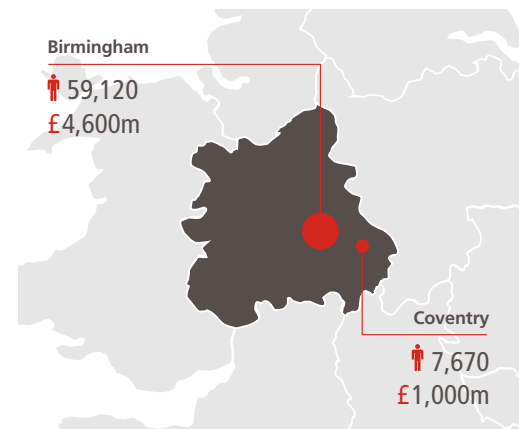
Financial and related professional services accounts for:

7.7%
of regional GVA

5.4%
of regional employment

West Midlands employment and GVA, 2021

Financial and related professional services employment



= Employment, 2021 = Gross Value Added, 2021

WEST MIDLANDS SELECTED TOWNS' AND CITIES' FINANCIAL AND RELATED PROFESSIONAL SERVICES EMPLOYMENT

City / Town	Financial Services					Related Professional Services				Total	% of City/Town Employment
	Banking	Insurance	Fund Management	Other Financial Services	Total	Accountancy	Management Consultancy	Legal Services	Total		
Birmingham	11,000	5,500	450	4,170	21,120	10,000	18,000	10,000	38,000	59,120	10.5
Coventry	3,500	360	5	805	4,670	1,000	1,000	1,000	3,000	7,670	4.4
Regional Total	23,000	18,000	1,000	13,000	55,000	24,000	43,000	23,000	90,000	145,000	5.4

* Denotes regional and national total less than 1,000 as Nomis rounds regional and national totals to nearest 1,000. Major towns and cities with over 5,000 in employment in financial and related professional services are listed.

Academic institutions such as the University of Birmingham have cultivated a healthy dialogue with the industry. However, a challenge for the industry is retaining those workers looking for their second and third jobs, and promoting possible career pathways within the Birmingham ecosystem to counter a 'brain drain' to the capital and other hubs.

Reflecting this, the West Midlands Combined Authority has made the city region's housing and skills shortage key priorities and has brought forward initiatives involving targeting brownfield land for new developments.

The West Midlands' FinTech economy employs over 7,000 specialists, and over 200 companies are involved in the wider ProfTech market- including LegalTech, PropTech and InsurTech.¹

Coventry is also a key city in the region, with 7,670 people in employment in financial and related professional services, predominantly in banking.

WEST MIDLANDS SELECTED TOWNS' AND CITIES' FINANCIAL AND RELATED PROFESSIONAL SERVICES GVA (£ MILLION UNLESS STATED)

City / Town	Financial Services					Related Professional Services				Total	% of City/Town GVA
	Banking	Insurance	Fund Management	Other Financial Services	Total	Accountancy	Management Consultancy	Legal Services	Total		
Birmingham	1,931	603	30	449	3,013	751	128	720	1,599	4,612	16.0
Coventry	581	149	7	111	848	32	102	30	164	1,012	10.0
Regional Total	3,970	2,033	102	1,513	7,618	1,428	774	1,369	3,571	11,189	7.7

Towns and cities with over 5,000 in employment in financial and related professional services are listed. GVA data are TheCityUK estimates. For details and methodology, see the Appendix.

¹ Invest in the West Midlands, 'Modern Business Services: Investment Prospectus', available at: <https://www.investwestmidlands.com/resources/business-professional-and-financial-services-investment-prospectus/>

Recommendations for the mayor

The following recommendations identify three key areas where the mayor can make meaningful changes to help unlock the potential of financial and related professional services, to drive growth across the region's economy.

1) Engaging the industry

As the combined authority grows and develops, the role of business will remain critical to its success.

The mayor should:

- **Publish and update a comprehensive plan for economic growth in the West Midlands.** This should include clear metrics and identify specific ways in which businesses from key industries, including financial and related professional services, can contribute to the mayor's vision for economic growth in the region.
- **Develop an industry-specific strategy for financial and related professional services,** reflecting our role as an engine for growth in the wider economy generating 145,000 jobs and nearly £11.2 billion of economic output.
- **Ensure that every sector of the economy, especially the services industry, is fully represented** in both business forums and the mayor's work in promoting the region overseas.

2) People

Local policymakers and business leaders are best placed to identify the skills needed in their regions, particularly in developing and specialised areas, such as specialist forms of FinTech or LawTech. They can engage with local schools and universities to ensure that young people can learn about industries in their local area early on in their educational journey. The mayor can also help to highlight role models in our industry to help attract young people from less advantaged socio-economic backgrounds.

The mayor should:

› **Bring together a wide employer network to contribute to the Local Skills Improvement Plan.**

This will ensure that the plan reflects the needs of the regional economy.

› **Ensure that plans for mapping and addressing skills needs, align closely with the wider vision for economic growth,** including creating capacity for training and re-skilling in growth sectors.

› **Help connect schools, colleges and universities to engage employers in all areas of the education process,** for instance in areas such as curriculum and course design.

3) Prosperity

There has been significant progress in attracting investment to hubs outside London, including in the West Midlands, and policymakers should seek to build on this work. However, the ability to communicate and travel between locations remains a key barrier to maximising productivity. Effective digital and transport infrastructure will enhance the connectivity of thriving regional hubs like Birmingham and Coventry, helping to support greater growth across all industries, not just financial and related professional services.

The mayor should:

- › **Work with central government to encourage further investment in an enhanced national rail network** and supplement this by developing a unified transport strategy to move people and goods more easily.
- › **Continue to partner with the government to improve the region's digital infrastructure**, in particular the rollout of 5G.
- › **Provide businesses and potential investors in the region with clarity on how they can engage with the Combined Authority.** Our industry can make a contribution to economic growth when there are clear structures in place for engagement between regional government and industry.

TheCityUK

TheCityUK, Fitzwilliam House, 10 St Mary Axe, London, EC3A 8BF

www.thecityuk.com

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