

TheCityUK

Enabling growth across the North East

a manifesto for the mayor



Foreword

On 2 May, voters in the new North East Combined Authority area will head to the polls to choose a metro mayor.

This election presents an opportunity to ensure that the financial and related professional services industry can play an even more significant role in creating jobs and driving growth and prosperity across the region. Currently the industry employs around 56,000 people and contributes over £3.5 billion (6.3% of the region's economic output) to the economy of the wider North East.

The North East has a strong and diverse financial, professional and business services sector which includes leading regional companies in law and finance and specialist consultancies supporting key areas of opportunity like offshore energy. 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.

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

Jerry Arneja

TheCityUK Chair in the North East

56,000 people are employed in financial and related professional services in the North East, of whom nearly one-third are based in Newcastle.

The North East has particular strengths in banking, mortgage lending, legal services and management consulting.

The financial and related professional services industry employs a total of 56,000 people in the region, and generates 6.3% of regional GVA.

The North East has a strong and diverse financial, professional and business services sector which includes leading regional companies in law and finance and specialist consultancies supporting key areas of opportunity like offshore energy.¹

Newcastle is the leading financial and related professional services centre in the region. The city centre hosts a thriving mix of business, retail, cultural and social activities and two universities. It has quality transport hubs with links to regional, national and international centres. The economic relationship between Newcastle and other parts of the North East is strong.

¹ North East Local Enterprise Partnership, 'Financial, professional and business services', available at: <https://www.northeastlep.co.uk/the-plan/support/financial-professional-and-business-services/>

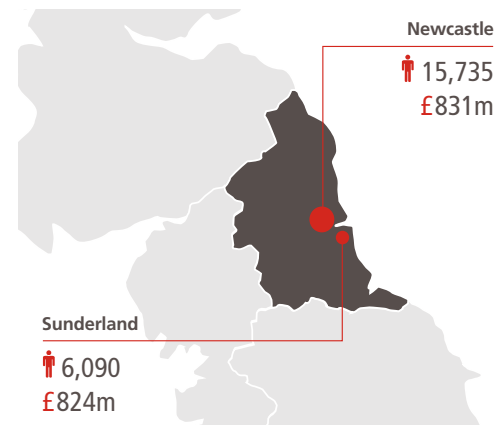
Financial and related professional services accounts for:

6.3%
of regional GVA

5.0%
of regional employment

North East employment and GVA, 2021

Financial and related professional services employment



👤 = Employment, 2021 £ = Gross Value Added, 2021

NORTH EAST 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		
Newcastle	2,500	775	125	2,335	5,735	2,500	3,500	4,000	10,000	15,735	8.6
Sunderland	2,500	1,075	0	615	4,190	600	700	600	1,900	6,090	8.5
Regional Total	11,000	5,000	*	6,000	22,000	7,000	17,000	10,000	34,000	56,000	5.0

* 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.

NORTH EAST 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		
Sunderland	607	76	3	99	785	12	9	18	39	824	12.3
Newcastle	193	132	5	170	499	109	66	156	332	831	7.3
Regional Total	1,575	437	16	564	2,592	317	219	454	990	3,582	6.3

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.

Employment is split roughly equally between the professional and financial services sectors in the region. Within the financial and related professional services industry, Newcastle has particular presence in banking, and legal and management consulting services. All the 'Big Four' professional services consultancies have offices in Newcastle, alongside financial services firms such as Virgin Money (headquartered there) and Tesco Bank. The industry draws its employees from a wide area across the North East. Newcastle has high job density, illustrating its role in the local and regional economy.

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 North East.** 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 56,000 jobs and nearly £3.6 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 North East, 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, 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.

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