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MJ National Conference

Using Local Powers to Drive Local Economies

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The Bank of Birmingham

Bringing Stability and Opportunities to the Local Economy

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- Context
- Strengths
- Mitigations
- Recovery

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The Recession

- Collapse in house prices, end of residential construction, credit shortage for home buyers.
- Slow down in commercial buildings, hits for professional services.
- Loss of consumer confidence, credit funded spending hitting manufacturing.
- Credit shortages for businesses from banks and trade.

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Local Authority Strengths

- Passion for helping our communities with “well being” powers to back it up.
- Access to finance, with prudential borrowing powers to enable its use.
- Willingness to take risks, and capacity to manage them.

The challenge was to find ways to harness those strengths to mitigate the economic tsunami.

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Broad Mitigations

- Response to recession priority for organisations.
- Payment of invoices, rent reviews, promote small rate relief take up.
- Procurement fair, financial, debt and energy advice. Signposting, supporting credit unions.
- Working with partners to tackle worklessness, building local public sector fiscal stimulus.

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- Wholesale supplier of finance.
- Working through existing mechanisms
  - RDA's bridging transition fund
  - Work with CDFIs
  - Investbx and similar organisations
- Intervention in mortgage market
  - Supporting "margin" on loans
  - Targetted to have maximum impact on prices
- Exploring factoring services.
- Deposit taking facilities.

Issues to Manage

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- Evaluation, risk assessment and interest rates.
- Intervention where there is market failure.
- Not supporting “lame ducks”.
- State aid and accounting issues.
- Strength of LA balance sheet.

Recovery

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- Big City Plan, Longbridge, eastern corridor, north west Birmingham.
- Strong partnership with HCA, RDA, LSC, JC and Universities, business and third sector.
- Forging strong City Region and proposal for EPB.
- Developing MAA on skills and employment and lobbying for ADZ.
- Connecting public sector at local level to deliver better outcomes for Birmingham.

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Questions