Public Document Pack

HALTON BOROUGH COUNCIL

Executive Board

Thursday, 13 October 2011 2.00 p.m.
Marketing Suite, Municipal Building

David W R

Chief Executive

ITEMS TO BE DEALT WITH IN THE PRESENCE OF THE PRESS AND PUBLIC

PART 1

Please contact Angela Scott on 0151 471 7529 or Angela.scott@halton.gov.uk for further information.
The next meeting of the Committee is on Thursday, 3 November 2011

In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

REPORT TO: Executive Board

DATE: 13th October 2011

REPORTING OFFICER: Strategic Director, Policy & Resources and Strategic Director Children and Enterprise

SUBJECT: Halton Child & Family Poverty Strategy, 2011-2013

WARDS: All

1.0 PURPOSE OF THE REPORT

1.1 To seek approval from the Board for the formal adoption of the Halton Child & Family Poverty Strategy, 2011 – 2013, included as an appendix to the report

2.0 RECOMMENDATION: That the Executive Board approves the Child & Family Poverty Strategy.

3.0 BACKGROUND

3.1 The 2010 Child Poverty Act, which received all party support, created a Government commitment to eradicate child poverty by 2020. Specific duties imposed upon local authorities and designated partners include:

- To co-operate to mitigate the effects of child poverty
- To prepare a local child poverty needs assessment
- Child poverty to be taken into account when preparing or revising the Sustainable Community Strategy.
- To produce a local joint child poverty strategy.

3.2 Whilst poverty can be measured by income alone, the European Union's working definition of poverty has been adopted by authorities in the Liverpool City Region;

"Persons, families and groups of persons, whose resources (material, cultural and social) are so limited as to exclude them from the minimum acceptable way of life in the Member State to which they belong."

3.3 This definition recognises that poverty is not just about income but about effective exclusion from ordinary living patterns, customs and activities; for example;

- Income poverty
- Service poverty (difficulty in accessing and benefiting from quality services e.g. housing, health, education and leisure)

- Participation poverty (affecting the ability to participate in the community and to engage in social activities

It also has a negative impact on experience of education and training and affects the transition to independence.

3.4 The Liverpool City Region's ('LCR') commitment to reducing child poverty is prominent in both the City Employment Strategy ('CES') and the former Multi-Area Agreement ('MAA').

Therefore, in anticipation of the Child Poverty Act the CES Board commissioned the development of a Liverpool City Region Child and Family Poverty Framework, with Knowsley acting as the lead City Region authority for child and family poverty through the City Employment Strategy.

Halton has been an active partner and participant in this work, which has facilitated the adoption of common definitions, the sharing of data and good practice across the city region authorities.

4.0 SUPPORTING INFORMATION

4.1 One of the key outputs of the collaborative approach across the LCR is the report, '*A Brighter Future: working together to tackle child and family poverty'* (Liverpool City Region Child and Family Poverty Framework Analysis Report), published last summer. This has been a helpful resource in the development of our strategy. It has also helped to gain a better understanding of cross boundary child poverty issues and assisted in identifying opportunities to join up activity across the city region

4.2 Halton's own detailed Child and Family Poverty Needs Assessment was completed and published in December 2010 and is appended to the draft Strategy.

4.3 It is currently planned to undertake a fresh needs assessment in 2013.

4.4 The draft strategy has been subject to extensive consultation and has benefited from input from the Children's Trust, particularly the Development Plan, colleagues engaged on drafting the Liverpool City Region Child Poverty and Wellbeing Strategy and the Halton Child and Family Poverty Steering Group.

4.5 The strategy was formally endorsed by the Halton Strategic Partnership Board at its meeting on 21st September 2011.

5.0 SUMMARY OF KEY ELEMENTS OF THE STRATEGY

5.1 Key underlying causes of child and family poverty in Halton identified are;

- Low family aspirations

- Persistent cycle of benefit dependency, often intergenerational.

5.2 The key priorities to tackle child and family poverty in Halton;

- Change/challenge cultural acceptance and raise aspirations
- Early intervention
- Whole family approach
- Provide a single point of access to key support services

5.3 Key issues to be tackled as an early priority;

- To ensure that support services meet the needs of target groups now, and in the future, and are easily accessible
- Improve the sharing, and quality of information, between partners to provide a better response and greater levels of longer-term support to service users.

5.4 There is a strong correlation between Halton's key issues and priorities with those of our LCR partners.

6.0 NEXT STEPS

6.1 The Strategy's Development Plan reflects the fact that this is the first time that many of the partners have worked together on this specific topic, and the difficulty in setting concrete actions at this time.

6.2 The Steering Group believes that the Development Plan will provide the flexibility needed to remain effective and relevant. One consequence of this flexibility is that we will need to undertake further work to integrate the strategy with the emerging sustainable community strategy performance monitoring framework.

7.0 POLICY AND FINANCIAL IMPLICATIONS

7.1 The Child & Family Poverty Strategy is a statutory requirement upon the Council and key partners. If it is to be effective it has to be of a genuinely 'cross-cutting' nature across all of the Council's and our partner's priorities and plans. This has already been recognised by its identification as a key cross-cutting issue in the draft Sustainable Community Strategy.

7.2 Children in families where their parents are in work are much less likely to be poor in income terms. Also, paid employment can offer a sustainable route out of poverty for the longer term; because work is good for the physical and psychological health of parents and hence of their children. Finally, we know that children who grow up in workless households are themselves much more likely to be poor in adulthood.

7.3 Therefore, as well as ensuring that there are jobs available it is vital that our residents are 'work ready' through learning suitable skills and knowledge and that barriers to employment such as transport, and affordable childcare are accessible to those in greatest need.

7.4 There are no direct current financial implications for the Council in the adoption f this strategy.

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8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 The need for the Strategy to be embedded into all of the council's relevant priorities to varying degrees has an especially strong resonance in the areas of Children, Young People and Families and also the Employment, Learning and Skills agenda, as work is the best route out of poverty for most families and their children

9.0 RISK ANALYSIS

9.1 The level of knowledge and understanding of the child and family poverty agenda in Halton is varied across the borough. It is important that there is a common understanding of the issue and a wide awareness of the child and family poverty strategy and activity amongst our partners. This risk will be addressed through an effective and robust communication plan within the Development Plan.

9.2 Achieving an effective approach to eradicating Child and Family in Halton requires strong strategic leadership from the Council. This is being addressed through the establishment and active participation of the Halton Child & Family Poverty steering Group, and also the LCR Child and Family Poverty Commission.

10.0 EQUALITY AND DIVERSITY ISSUES

10.1 An Equality Impact Assessment of the draft strategy was undertaken was undertaken by a multi-agency panel, with its key recommendations taken into account when developing the strategy's Development Plan.

11.0 REASON FOR DECISION

11.1 The Child Poverty Act 2010 places a duty upon the Council and key partners to complete a child poverty needs assessment and a strategy for the elimination of child poverty across the local authority by 2020.

12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

12.1 The option of not developing a strategy for the elimination of child poverty in Halton is precluded by the duties placed upon the Council by the Child Poverty Act 2010.

12.2 The process of developing the strategy has been overseen by a multi-agency steering group, chaired by the portfolio holder for Children, Young People and Families.

12.3 During the development of the Strategy over 30 partner organisations and services have participated together with a wide range of local residents and service users.

13.0 IMPLEMENTATION DATE

13.1 Immediately upon formal adoption by the Council and partners; October 2011.

14.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
LCR 'A Brighter Future: working together to tackle child and family poverty.'	**Rutland House, Halton Lea**	**Nick Mannion**
Liverpool City Region Child & Family Poverty Needs Assessment.	**Rutland House, Halton Lea**	**Nick Mannion**

HALTON CHILD AND FAMILY POVERTY STRATEGY

CONTENTS

FOREWORD

The children and young people of Halton are our future. We are:

'A community committed to realising high aspirations, where all children, young people and families are valued and respected and where inclusion and diversity are promoted'

However, around 6,500 children in Halton are currently growing up in poverty, around a quarter of all our children.

We know that a child that grows up in poverty is more likely to do less well at school, have lower chances of getting a well paid job and is more likely to have poor physical and mental health during adulthood.

This is the reality of growing-up in poverty; where birthdays and Christmas are potentially times of crisis for families, and the spectre of spiralling debts at punishing rates of interest and repayment are the enduring memory. Also, in turn, their children are likely to suffer the same disadvantage, perpetuating the cycle of poverty from one generation to another.

However, in Halton we are not prepared to accept this, and before the 2010 Child Poverty Act came into force, tackling child poverty was a priority for the council and its partners in Halton.

It is our view that tackling child poverty is everybody's business. Our strategy is a child & family poverty strategy. This is because we all firmly believe that it is only by addressing poverty through a 'whole family' approach that we can help families make sustained progress out of poverty.

However, this strategy has been developed at a point in time when we are about to experience the greatest changes to the welfare system since its inception, together with the partners' most significant reductions in their budgets for a generation.

Perhaps not the most auspicious time to launch a new strategy!

In the light of the fact that there is unlikely to be significant extra money available for the foreseeable future, our strategy focuses on how we can work more effectively and efficiently together to make sure we deliver the right support and services to those families in greatest need in a way they can use them to their best advantage.

Everyone in Halton can contribute in some way to eradicating child and family poverty by 2020. We all have a role to play to provide a better future for ALL our children and young people in the Borough.

Councillor John Swain
Children, Young People and Families Portfolio Holder
Halton Borough Council

VISION FOR HALTON 2020

To create and sustain an environment in which **ALL** children and their families living in Halton are supported in achieving emotional wellbeing and prosperity to fulfil their potential through the elimination of child and family poverty by 2020.

EXECUTIVE SUMMARY

This Strategy outlines the extent of child and family poverty in Halton and our commitment to reducing it between now and 2013. The Strategy covers a relatively short timeframe because we will be reviewing the Halton Needs Assessment that underpins the strategy in 2013 to ensure that our actions are based on the most current information. We share the Government's goal of eradicating child poverty by 2020 and believe that partnership working is the best way to achieve this.

Our vision is;

'To create and sustain an environment in which ALL children and their families living in Halton are supported in achieving emotional wellbeing and prosperity to fulfil their potential through the elimination of child and family poverty by 2020.'

The Government definition of eradicating child poverty as set out in the Child Poverty Act is:

- Relative low income – to reduce the proportion of children who live in families with net income below 60% of the median to less than 10%.

- Combined low income and material deprivation – to reduce the proportion of children who live in material deprivation and live in a household where the net income is less than 70% of the median to less than 5%.

- Persistent poverty – to reduce the proportion of children that experience relative poverty for 3 or more consecutive years (target to be set by 2015).

- Absolute low income – to reduce the proportion of children who live in households where the net income is less than 60% of the average net income in 2010 to less than 5%. By fixing the comparator income at 2010 levels this indicator allows changes in average net income to be ignored. This is particularly important during recession as a fall in average net income will lead to a reported fall in the number of people in poverty using the other indicators.

In addition to these targets, the National Child Poverty Strategy includes an indicator aimed at tracking the poorest:

- Severe poverty – proportion of children who experience material deprivation and live in households where income is less than 50% of median household income for the financial year.

In Halton around 6,550 (26.4%) of our children live in poverty. Whilst this puts Halton below the Liverpool City Region average, it highlights the considerable challenge in front of us to meet the Government's targets.

We believe that achieving these financially orientated targets will be very challenging but despite this we have chosen, in common with Liverpool City Region partners, to adopt a wider definition of poverty. We believe that financial poverty is only one element and that other forms of poverty such as poverty of services (or accessibility of them), poverty of opportunity, and poverty of aspiration are equally important factors holding people back from achieving their full potential. In addition this Strategy overtly refers to family poverty in addition to child poverty, recognising the linkages between the two.

In order to assess the prevalence and distribution of child and family poverty within Halton a comprehensive Needs Assessment was undertaken. In recognition of Halton's position within the wider Liverpool City Region economic area, the Assessment was coordinated between the six authorities. This Strategy draws heavily on the conclusions of the Assessment.

The key priorities for action are:

Key underlying causes of child and family poverty in Halton

- Some families feel that they will never move out of poverty which restricts their aspirations
- A cycle of benefit dependency which can be an intergenerational issue

Key priorities to tackle child and family poverty in Halton

- Cultural challenge and realising aspirations
- Early intervention/help
- Whole family approach
- Providing a single point of access to support services

Key issues and barriers to overcome first to tackle child and family poverty in Halton

- Ensuring that support services meet the needs of target groups now and in the future and are easily accessible
- Improving the sharing of information between partners to provide greater support to customers

In consultation with our partners we have developed a development plan which tackles child poverty head on. The continued commitment to reducing child poverty displayed by all partners is central to our approach and will provide the best outcome for the people of Halton.

SECTION ONE: CHILD & FAMILY POVERTY IN CONTEXT

INTRODUCTION

This Strategy outlines why we need to tackle child and family poverty and the scale of the problem both nationally and here in Halton. Halton Borough Council and its strategic partners are committed to reducing the number of people living in poverty in Halton. We believe that achieving this aim will benefit not only those directly affected but everybody who lives in, works in, and visits Halton.

We recognise that tackling the causes of poverty requires partnership working both locally and regionally. With this in mind, during the development of this Strategy we have worked closely with both statutory partners and key colleagues in Halton. In addition we have also worked with partners across the Liverpool City Region to ensure that work is coordinated regionally. We feel that this gives us the best chance of maximising the positive work that is, and will, be undertaken to reduce child and family poverty.

We are determined to ensure that the work we undertake is targeted as effectively as possible to overcome the real issues that people face in our area. To do this we have undertaken a comprehensive needs assessment for Halton with our Liverpool City Region partners. The results of this have shaped this Strategy. We recognise that the needs of people will change over time, some of these changes will be due to the work undertaken to reduce poverty and some will be outside of our control. To make sure that our work remains as focussed as possible we are committed to undertaking a new needs assessment in 2013/14.

THE NATIONAL CONTEXT

Despite the best efforts of everyone involved, child and family poverty is still far too common in the UK today. In recognition of the fact that there needs to be a concerted effort to reduce the number of children living in poverty, the previous Government passed the Child Poverty Act in April 2010. This includes a commitment to eradicate child poverty by 2020 and imposes specific duties on key public sector organisations including:

- Local partners to co-operate to mitigate the effects of child poverty
- Local authorities to make arrangements to prepare a local child poverty needs assessment
- Local joint child poverty strategies to be produced
- Child poverty to be taken into account when preparing or revising the Sustainable Community Strategy.

The Act also sets out four challenging UK targets to be met by 2020 which frame the Government's definition of eradicating child poverty:

- <u>Relative low income</u> – to reduce the proportion of children who live in families with net income below 60% of the median to less than 10%.

- <u>Combined low income and material deprivation</u> – to reduce the proportion of children who live in material deprivation and live in a household where the net income is less than 70% of the median to less than 5%.

- Persistent poverty – to reduce the proportion of children that experience relative poverty for 3 or more consecutive years (target to be set by 2015).

- Absolute low income – to reduce the proportion of children who live in households where the net income is less than 60% of the average net income in 2010 to less than 5%. By fixing the comparator income at 2010 levels this indicator allows changes in average net income to be ignored. This is particularly important during recession as a fall in average net income will lead to a reported fall in the number of people in poverty using the other indicators.

In addition to these targets, the National Child Poverty Strategy includes an indicator aimed at tracking the poorest:

- Severe poverty – proportion of children who experience material deprivation and live in households where income is less than 50% of median household income for the financial year.

To provide a national focus for action the Government has published a national strategy to tackle child poverty. To support the development of the Strategy the Government has commissioned a series of reviews. The 'Graham Allen review of Early Intervention' and the Frank Field report 'The Foundation Years: preventing poor children becoming poor adults' both focus on early intervention and the importance of providing a structure to support children during these formative years. Both of these reports are discussed in greater depth in Section 3 of this report.

The most recent figures for England from 2008[1] show that 21.6% of children under the age of 16 lived in a relative low income household. This figure reduces slightly to 20.9% when all children are included (up to the age of 19). It is clear therefore that a significant amount of work remains.

THE REGIONAL AND SUB-REGIONAL CONTEXT

The North West of England has above average numbers of children living in poverty. With 23.5% of children under 16 and 22.8% of all children living in low income households, the region has the fourth highest rate of child poverty in England.

In recognition of this, the Liverpool City Region (LCR) is developing a Child Poverty and Life Chances Strategy which will coordinate work to tackle poverty across the Region. The Strategy identifies four key areas of work:

- Foundation Stage/Early Years
- Learning and attainment
- Labour market
- Income and parenting

In addition seven key actions are identified:

- Support effective parenting and drive improvement in foundation years services
- Enhance children's school and emotional development and reduce gaps in educational achievement
- Promote prevention and early intervention approaches to reduce health inequalities

[1] http://www.hmrc.gov.uk/stats/personal-tax-credits/lsoa-gov-off08.xls

- Improve the quality of places and support strong communities to minimise the impact of disadvantage
- Improve access to suitable financial services and support families to make good financial decisions
- Optimise employment opportunities by removing barriers to good quality and sustainable employment
- Support parents to progress in work

The draft Liverpool City Region Child Poverty and Life Chances Strategy was published in August 2011, and is expected to be formally adopted before the end of 2011.

Considerable progress has been made since 1999 when the Government first stated its ambition to eradicate child poverty by 2020. Nationally 800,000 children have been lifted out of poverty but 2.9 million[2] remain below the threshold. Of these 726,000 reside in the North West and 167,770 live in the Liverpool City Region[3].

In our region the task is made even harder by lower average wages. Average median wages in all six city region authorities are below the national average, and all but one lies below the average for the North West. The widest gap is found in Halton where the average annual median wage is £4,361 lower than the average for Great Britain. Due to the fact that the child poverty targets are a percentage of the national average wage, this makes it more likely that children will fall into the poverty category in our area.

Area	Average gross median wage 2010
United Kingdom	£26,510
North West	£24,062
Merseyside	£23,449
Wirral	£25,320
Knowsley	£23,442
Liverpool	£23,067
St Helens	£22,794
Sefton	£22,321
Halton	£22,149

LOCAL CONTEXT

In Halton just under 26.4% of children live in poverty. This places Halton below the Liverpool City Region average of 27.9%. The most recent figures from 2008 reveal that in total there are 6,550 children living in poverty in Halton. Of these 5,520 children live in out of work families and 1,030 live in households classified as in-work. This underlines that whilst being in work reduces the likelihood of child poverty it doesn't guarantee that children will be lifted out of poverty, particularly when there is only one working adult in the household.

[Insert some comparative statistics by way of tables/graphs here]

Whilst the Child Poverty Act requires local authorities to undertake a child poverty needs assessment, Halton in line with the Liverpool City Region has chosen to broaden the definition to child and family poverty. This recognises that child and family poverty are linked and are therefore best tackled together.

[2] Households below average income 2007/2008 (HABI) DWP.
[3] 2008 HMRC Child and working tax credits statistics (2007/08) and child benefit geographical statistics (August 2008)

We share the Government's target of eradicating child poverty by 2020 and we want to start work as quickly as possible towards this goal. We know that this is a very challenging target which is made all the more challenging by the lower average household income in Halton compared to the North West and England and the economic uncertainty. We believe that paid employment is the best way out of poverty, although it is not a guaranteed route, the majority of people who find paid work are able to move out of poverty.

The uncertainty over the number of jobs that will be lost in the coming years and the number that will be created makes it hard to forecast how easy it will be for people to move into employment and we recognise that slow growth will make it much harder to meet the targets. However the need to tackle child and family poverty remains regardless of economic conditions so we remain committed to achieving the targets.

What we are already doing to combat poverty

Tackling poverty has been recognised as a major issue in Halton for a number of years, and there has been a considerable effort by partners to tackle specific aspects of poverty both through their own services, and as members of the Halton Strategic Partnership's neighbourhood renewal and working neighbourhood fund programmes.

Brief details of three examples of recent and current work aimed at breaking the poverty 'cycle' in Halton are:

1. Family Learning

Low levels of attainment, and in some cases aspiration, are recognised as leading to inter-generational poverty. One consequence of this are high levels of benefit dependency and poverty within 'workless' households.

One of the ways partners have worked hard to break this 'cycle' is through the provision of imaginative family learning services, designed in consultation with service-users and offered at over 20 venues across Halton, often in non-traditional settings and venues.

Halton's proportion of adults without any qualifications is falling, staying-on rates post-16 are improving steadily and we have worked hard to reduce young people categorised as 'NEET' (Not in Employment, Education or Training).

The results of this concerted effort are clear to see in the excellent GCSE results that were achieved by students in Halton in 2011. The percentage of students gaining five or more A* to C grades increased again to 83 per cent, which is above the national average.

The percentage attaining five or more A* to Cs, including English and Maths, increased by six percentage points to 56 per cent, broadly in line with the national average and represents Halton's best ever result. Given the socio economic make up of Halton, this is a real achievement which reflect the hard work of the students, parents, teachers, governors and the close working relationship between school's and Halton Borough Council.

2. Financial advice and access to affordable credit.

A range of partners from both the statutory and voluntary sector have worked together over many years in Halton to design and offer a range of services to help our poorest and most vulnerable residents maximise their income, tackle multiple debt problems and address housing and employment issues. Mobile outreach and evening advice surgeries have also been offered.

One success story is the budgeting officer working in Halton's thriving Credit Union, who in 2009/10 worked with over a hundred clients and helped them to save/write-off a total of £749,444 of debt. 98% of these clients were parents with dependant children.

3. Team Around the Family

Team Around the Family ('TAF') encompasses the full range of provision for families within the borough. This extends across all levels of need including families with multiple and complex problems and, critically, provides families with a seamless continuum of support – for example, as they become stabilised following intensive support and then move to sustaining this improvement in the long-term.

TAF includes services delivered from Children's Centres and family support services, including Halton's Family Intervention Projects (FIPs), together with a range of targeted commissioned and partner services from our voluntary/community sector and the PCT/NHS. Access to TAF services is via the multi-agency Integrated Working Support Team (IWST), which includes Social Care (Social Services) and Primary CAMHS (Primary Mental Health) provision. IWST delivers a comprehensive, multi-agency, integrated triage/consultation function which ensures that families receive the most appropriate help and support at the right time, so that outcomes can be achieved and improvements sustained in the long-term.

The main areas of expertise within Halton's TAF model are:

- ✓ Specialist, structured direct work with families experiencing a broad range of needs including multiple and complex problems. Work is implemented using the holistic, multi-agency Think Family model focused upon addressing the needs of all family members to ensure sustained improvements over time.
- ✓ Via the Integrated Working Support Team (IWST) element of Team Around the Family, the delivery of an assessment, triage, consultation and signposting service for professionals/practitioners across all agencies and sectors working with families in Halton. This entails a comprehensive knowledge of, and joint working processes with, the full range of partner and commissioned services in the borough.
- ✓ Delivery via IWST of the single point of entry to all services that work with families experiencing multiple problems. This includes commissioned services and partner services in the voluntary and community sectors, the Primary Care Trust (PCT) and NHS, Housing providers, specialist debt, welfare and legal (housing) support, Adult Learning, Drug and Alcohol services etc. The purpose of this structure is to ensure that families can access optimal bespoke packages of support while telling their 'story' once only.

Halton child and family poverty targets are that by 2020

- <u>Relative low income</u> – to reduce the proportion of children who live in families with net income below 60% of the median to less than 10%.

- <u>Combined low income and material deprivation</u> – to reduce the proportion of children who live in material deprivation and live in a household where the net income is less than 70% of the median to less than 5%.

- Persistent poverty – to reduce the proportion of children that experience relative poverty for 3 or more consecutive years (target to be set by 2015).

- Absolute low income – to reduce the proportion of children who live in households where the net income is less than 60% of the average net income in 2010 to less than 5%. By fixing the comparator income at 2010 levels this indicator allows changes in average net income to be ignored. This is particularly important during recession as a fall in average net income will lead to a reported fall in the number of people in poverty using the other indicators.

SECTION TWO: THE 2010 NEEDS ASSESSMENT

INTRODUCTION

Halton Borough Council has undertaken a comprehensive Needs Assessment with the Liverpool City Region (LCR) partners. We are required to undertake a Needs Assessment but in recognition of the importance of this process we have gone beyond the minimum requirement by working with the LCR authorities.

The Needs Assessment provides information about the level of child poverty in Halton and also highlights the areas where poverty occurs within the borough. The Assessment uses statistical information from national sources and from local sources but also uses information gathered about people's experiences of poverty and services that are offered in the borough to tackle poverty. By using all of the information the Needs Assessment provides a detailed view of poverty in Halton.

The factors that contribute to child and family poverty can be complex and deep rooted and we believe that it is important to undertake the analysis with our sub regional colleagues in order to get a clear picture of the common issues that we face. The Liverpool City Region is made up of the five Merseyside authorities and Halton, and recognises that the six authorities share common issues and act as a single economic and employment area. By undertaking a coordinated assessment the LCR is in a stronger position to tackle the issues.

KEY MESSAGES

In overall terms, more neighbourhoods saw a fall in poverty during 2006-08 than those where it increased. However, for many neighbourhoods' it remains a very significant issue.

The average annual household income in Halton is £46 lower than the LCR average, £3,323 lower than the North West average and £5,492 lower than the England average.

Halton also contains the two wards with **the highest** average household incomes of all LCR wards in 2009. This highlights the considerable variation of household income across fairly short distances within the Borough.

Halton has a disproportionately high number (12,500) of people who are dependent on out of work benefits such as Incapacity Benefit/Employment and Income Support Allowance, and this dependency is very high across a relatively large part of the Borough, particularly in the wards of Halton Castle (Castlefields estate), Windmill Hill and Halton Lea.

The significant 13.2% reduction in the Halton Job Seekers Allowance ('JSA') claimant count suggests that the local Employment, Learning and Skills partnership has been effective in getting people off this benefit, particularly in comparison to elsewhere in the LCR. However, the destinations of these people (in terms of work and wage level) are less clear, and may contribute to the evidenced increase of in-work poverty.

Whilst not a direct indicator of general poverty, data on lone parent benefit claimants can be used to highlight neighbourhoods where some children are most likely to be living in relative poverty conditions, with potentially less parental or carer support, and limited potential for the household to move out of poverty.

The prevailing economic conditions create challenging circumstances for any district, but Halton's underpinning economic weaknesses make these challenges far more daunting. Halton has a narrow economic base and in common with the LCR the local economy and jobs market is overly reliant on the public sector. This means that the area will be disproportionately affected by public sector budget cuts. In addition the Borough has a relatively low skills base which makes it harder for residents to access the full range of jobs available in the Borough.

The Borough ranks as highly resilient in terms of the export trade and foreign owner businesses resident in Halton. This is offset by the low rankings around community variables. Halton's resilience rankings for life expectancy and claimant count are amongst the lowest in the country.

Halton is heavily dependent on neighbouring areas and the wider City Region labour market for jobs, meaning that the economic resilience of other areas is very relevant to the Borough.

Residents in employment outside Halton are predominantly reliant upon the private car for their journey to work - increasing fuel and motoring costs will become a major pressure on their ability to afford to retain jobs.

Children and families living in poverty are more likely to experience a wide range of health inequalities. Examples of health related impacts include - children growing up in poverty are 37 times more likely to die as a result of exposure to smoke, fire, and flames; they are three times as likely to suffer mental health disorders; twice as likely to be homeless or trapped in unsuitable and/or poor housing.

There is a relationship between poverty and educational attainment, for example nearly one in five girls and more than one in four boys in receipt of free school meals leave school without at least five GCSEs. Whilst free school meals aren't a direct indicator of child poverty it does illustrate the link between poorer households and qualifications.

By the age of 19, only 14.3% of Halton residents have achieved a NVQ level 3 qualification, compared with 22.6% nationally. Almost 17% of working age residents in Halton have no qualifications, compared with 13.8% regionally and 12.3% nationally.

Inter-generational welfare dependency, worklessness and low aspirations can become accepted as the norm, perpetuating poverty from one generation to another. Some families have no experience of anything but benefits which can make it daunting to find work.

SECTION THREE: PRIORITIES FOR ACTION

INTRODUCTION

Work to reduce the causes and effects of poverty is not new, and significant work has been undertaken across Halton for a number of years on these issues.

Building upon this work it is the needs assessment that provides the basis for determining the priorities for Halton. In addition a workshop was held with stakeholders drawn from across Halton to ascertain what the key priorities should be. The workshop was well attended underlining that the desire to tackle child and family poverty is strong in the Borough.

Participants were asked to nominate actions that will help to reduce poverty in the area and then vote on which were seen as the key priorities. We have drawn heavily on the outcomes of this workshop in the development of the key priorities. The full results of this exercise are shown in Appendix 1.

In addition to this, the following national reviews have informed our work:

Frank Field's review of Poverty and Life Chances
In June 2010 Frank Field MP was commissioned by the Prime Minister to provide an independent review on poverty and life chances. The review resulted in the publication of "The Foundation Years: preventing poor children becoming poor adults" in December 2010. The findings of this review have been taken into account in the development of this Strategy and have informed the Development plan.

Some of the key messages from the review include the assertion that child poverty in its broadest sense is about more than household income and that income is not the dominant cause of restricted life chances. As a result measures that solely focus on income, whilst helping to address financial poverty, are not effective in tackling the wider issues such as poverty of aspiration, financial exclusion, physical and mental wellbeing and skills gaps that all contribute to intergenerational and persistent poverty.

We agree with this conclusion and support the model of providing strong support structures for families which provide tangible benefits to them. This is reflected in the priorities identified in the stakeholder workshop which are outlined in this chapter. In particular an emphasis on aligning services to needs, information sharing and supporting aspirations which were all strong themes, support these goals.

In addition the review found that focusing on the foundation years from 0-5 years of age is key. This aspiration was also highlighted at the workshop with early intervention identified as a key issue and focusing on the foundation years being seen as important.

Graham Allen review of Early Intervention

In June 2010 the Government requested that Graham Allen MP lead a review of early intervention. His interim report was published in January 2011. It highlights the importance of early intervention in improving children's and ultimately adults' lives and strongly recommends that early intervention actions are improved and expanded upon. He particularly focuses on the 0-3 age group as children's brains develop from 25% to 80% of their full capacity during this period.

The final report ('*Early Intervention; Smart Investment, Massive Savings*') was published in July 2011, and makes recommendations for how the expansion of early intervention services could be financed.

Summary of key priorities

In developing this strategy we have taken account of local needs, consulted extensively with local partners and listened to the views and suggestions of a range of adult and young people. We have also considered the latest national research in this area to develop a set of priorities that will provide the biggest benefit to the residents of Halton.

As a result of this process we have identified the following:

A. Key underlying causes of child and family poverty in Halton

- Some families feel that they will never move out of poverty which restricts their aspirations
- A cycle of benefit dependency which can be an intergenerational issue

B. Key priorities to tackle child and family poverty in Halton

- Cultural challenge and realising aspirations
- Early intervention
- Whole family approach
- Providing a single point of access to support services

C. Key issues to overcome first to tackle child and family poverty in Halton

- Ensuring that support services meet the needs of target groups now and in the future and are easily accessible
- Improving the sharing of information between partners to provide greater support to customers

SECTION FOUR: IMPLEMENTING THE STRATEGY

Governance

In late 2010 the Halton Child & Family Poverty Group was established by the Halton Strategic Partnership.

The Group was formally inaugurated in November 2010 and, in addition to statutory partners prescribed by the Act, membership includes representatives from the voluntary sector and service users. Organisations represented on the group are set-out in Annex 2.

The key functions of the group are to;

a) *Oversee the preparation and publication of a local child poverty needs assessment that understands the drivers and characteristics of child and family poverty in Halton, as prescribed in the act.*

b) *Ensure all statutory partners are represented and engaged to carry out their duty to co-operate to reduce, and mitigate, effects of child & family poverty in Halton.*

c) *Set-out a vision for reducing child and family poverty in Halton through the publication of a Child & Family Poverty Strategy which sets-out the contribution that each partner will make to address the issues and challenges raised in the needs assessment.*

d) *Agree in consultation with statutory and wider partners, the delivery and monitoring of the Halton Child & Family Poverty Strategy Development Plan.*

e) *Ensure that child and family poverty issues and needs are taken into account in the preparation of plans and strategies such as the Sustainable Community Strategy, Children & Young People's Plan, Local Economic Assessment, and other plans and strategies relating to employment, skills, housing, transport, health and wellbeing and safer and stronger communities.*

f) *Report periodically on progress to the Halton Strategic Partnership Board.*

Administrative support is currently provided by Halton Borough Council.

Consultation

As well as involving a wide range of our partners from the statutory and voluntary sectors at each key stage in the development of the strategy, we have also gone out into Halton's communities and listened to the views and suggestions of many families and young people in Halton on the three key questions;

- What do you think are the causes of child and family poverty in Halton?
- What should our priorities for action be?
- Where should we start?

The response has been overwhelmingly consistent and positive; that only by adopting a consistent and sustained 'whole family' approach will we eradicate child and family poverty in Halton.

Both 'providers' and 'consumers' of key services recognise that in the current difficult financial environment we need to make sure that scarce resources are carefully and sensitively targeted at those in greatest need if we are to meet this challenge and deliver sustained progress towards eradicating child and family poverty in Halton.

Links to Other Plans & Strategies

The Halton Child & Family Poverty Strategy has been prepared in the context of our other key local plans and strategies. It does not stand alone in isolation; it is an overarching high level strategy that is connected to a wide and varied range of other plans strategies that deal with specific topics and co-ordinate the delivery of services and projects.

Therefore, this Strategy has been prepared to align with other key partnership plans and strategies. Figure 1 illustrates this relationship, the Strategy sits within a matrix of these plans that allow the Halton Strategic Partnership to deliver improvements that make a real difference to the people of Halton.

Challenges

At a time of major, and ongoing, reductions in the financial resources available to many key partners we are faced with the challenge of 'delivering more with less', without sacrificing quality.

Therefore, if we are to tackle the deep-rooted underlying causes of child and family poverty in Halton, it is only by working closely together towards shared tightly focused priorities that we will be able to have a significant impact on the underlying problem, and break the cycle of intergenerational poverty.

The primary challenge facing us will be to make effective early intervention and prevention with those families in the greatest need. In terms of definition, 'prevention' refers to activities to stop a problem arising in the first place. 'Early intervention' is activity aimed at helping to stop the development of a problem already evident before it becomes overwhelming.

Thus, the distinction between the two terms relates to the stage of problem development. Evidence shows that this early action can reduce a dependency culture emerging and can lead to improved quality of life.

There is considerable evidence in Appendix 1 that this is the way many of our partners are already working together in Halton. The challenge is to make this the way we all work.

There are also the emerging 'localism', 'personalisation' and 'Big Society' agendas, all of which will have an impact to some degree or another on the child & family poverty agenda. Finally, there are the radical changes to welfare benefits, with the introduction of the single Universal Credit welfare benefit and the allied Work Programme, both of which will have a significant but as yet undetermined impact on the income and lifestyles of many families in poverty.

Figure 1: Integration of the Child and Family Poverty Strategy with other key plans and strategies

The Halton Child and Family Poverty Strategy has been prepared in the context of other key local plans and strategies. It does not stand alone in isolation but is a crosscutting strategy that is linked to a multitude of detailed strategies that deal with specific topics and coordinate the delivery of services and projects

Equality Impact Assessment

Under the provisions of the Equality Act 2010 we have a duty to demonstrate that we have taken action to consider equality issues in the development of this Strategy.

This has been undertaken by way of an Equality Impact Assessment (EIA) which is the name of a process by which we have examined the Strategy in order to minimise the potential for discrimination against one or more groups that include people with one or more 'protected characteristics': - age, disability, gender and gender identity, race, religion/belief, marriage and civil partnerships, pregnancy and maternity and sexual orientation.

A copy of the EIA is available for inspection.

DEVELOPMENT PLAN

The issues that this strategy commits us to tackle are long term difficult ones. It will take several years for the work underway to make a lasting impact. Early intervention and prevention in health, poverty and employability are examples.

It will take several years of sustained hard work before we will see a decrease in patients attending GP Surgeries and hospitals with established illnesses and a reduction in obesity, smoking and drinking to excess. Each of which in turn reduce people's capacity to fulfil their potential through learning, employment and prosperity.

The long timescales, together with the impact of the many current changes mentioned earlier mean we need to be flexible to cater for the unforeseen and allow partners to adapt to constantly evolving legislative and financial structures.

Therefore, the Development Plan covers the period from 2011-13 and is open to review at any stage. It sets out our starting point and sets partners progress targets to help to 'kick start' the delivery on the priorities set-out in this strategy. The Development Plan will be regularly reviewed with periodic progress reports to the Halton Strategic Partnership Board.

The end date for the strategy and development plan is 2013. This is when the next child and family poverty needs assessment will be undertaken and the ramifications of some of the major national policy and legislative changes currently underway will be clearer.

In keeping with the strategy, the Development Plan has been developed in consultation with our wider LCR partners to ensure that our local work contributes to reducing Child and Family Poverty across the city region.

Halton Children and Family Poverty Strategy Development Plan 2011-13

Outcome: Child and Family Poverty is eradicated in Halton

Our strategy is a statement of the fundamental commitment by the partnership to ultimately eradicate child and family poverty in Halton by 2020. It provides us with a cohesive overview and facilitates better co-ordination of our efforts towards this objective.

However, this is the first time many partners have worked together on this specific objective. Therefore, this development plan has been written to raise awareness, increase our knowledge and improve the way we work together to tackle child poverty during these initial stages. It is not intended to be prescriptive, but to lay down a solid foundation for our work over the coming years on this vital issue.

This document outlines some of the key outcome indicators which will measure the extent to which poverty is being reduced and families are supported to move out of poverty, some performance measures for partners to assess their contribution to this, and the actions and processes which will support the eradication of child and family poverty in Halton.

The following key objectives have been identified as methods to reduce poverty, within these a number of actions have been identified to assist.

- Objective 1: Supporting families to achieve their aspirations
- Objective 2: Working with the whole family
- Objective 3: Working more closely between partners
- Objective 4: Mapping services/New ways of working
- Objective 5: Maximise income

It is important to note that there is not a single indicator which will measure child and family poverty in Halton. The indicators and measures in this document have been chosen to illustrate how progress could be made across areas of work which together may improve the position for families according to the objectives and may assist in reducing poverty in the long term. It is best described as a dotted line between the outcome of reducing poverty with these indicators and measures contributing to the whole.

Key actions to be undertaken

Objective One: Supporting families to achieve their aspirations			
ACTION	**TIMESCALE (all 2013 unless stated)**	**LEAD AGENCY**	**INTENDED IMPACTS**
Work with 14 – 19 year olds to enable pathways into HE and employment and decrease participation poverty		Children and Enterprise Directorate – HBC	More young people progressing into higher education from deprived neighbourhoods.
Providing 12 -19 year olds with music making and other creative learning opportunities		LOOSE MUSIC	More young people accessing service from deprived neighbourhoods
Targeted support to reduce the outcome gaps at school between children in care, disadvantaged children, and their peers.		Children and Enterprise Directorate - HBC	Reduced attainment gap between children in care, disadvantaged children and their peers.
Better support to parents re/joining the employment market.		DWP/Jobcentre Plus	Lower proportion of benefit claimants with children
Deliver children's Centre core offer – early intervention for families		Children and Enterprise Directorate - HBC	More vulnerable families able to access range of services to improve quality of life, and access to childcare.
Increase the staying-on rates for post 16 year olds		Children and Enterprise Directorate - HBC	More young people continuing in full time education post-16. A reduction in the NEET rates in deprived neighbourhoods.

Objective Two: Working more closely between partners			
ACTION	**TIMESCALE** **(all 2013 unless stated)**	**LEAD AGENCY**	**INTENDED IMPACTS**
Providing premises at a peppercorn rent to support Halton Credit Union in Widnes	Opening 2011	Halton Housing Trust	Premises open for business
Cross promotion of financial inclusion services		Halton and Warrington Trading Standards	Increased take-up rates of services on offer Reduced levels of irresponsible lending.
Complete A-Z employment offer from attracting business to the Borough to supporting local people into jobs		Halton Employment Partnership Group	Less unemployment, especially in worst performing neighbourhoods. A greater proportion of jobs with new/expanding employer filled by local people.
Embed the Integrated Working Support team as the first point of contact for professional needing support and advice.		Children and Enterprise Directorate	Vulnerable families receive timely and relevant support from appropriate partners/agencies.
Joint Commissioning of services through Children's Trust		Children's Trust Children & Families Partnership Commissioning Board	Inclusion of challenging targets for service access and provision for poorer families.

Objective Three: Working with the whole family			
ACTION	**TIMESCALE (all 2013 unless stated)**	**LEAD AGENCY**	**INTENDED IMPACTS**
Assisting families affected by substance misuse		Children's Trust Children & Families Partnership Commissioning Board	More clients with dependant children accessing substance misuse services.
Healthy Lifestyle education		Children's Trust Children & Families Partnership Commissioning Board	Lower obesity, smoking etc rates in poorer families.
Embed the Integrated Working Support team as the first point of contact for professional needing support and advice. CAF process is used and understood.		Children and Enterprise Directorate	Vulnerable families receive timely and relevant support from appropriate partners/agencies in order to meet their needs.
Continue to embed "Team around the Family" principles to ensure whole family approach to service delivery		Halton's Children's Trust	More successful outcomes for poorer families.

Objective Four: Mapping services / New ways of working			
ACTION	**TIMESCALE (all 2013 unless stated)**	**LEAD AGENCY**	**INTENDED IMPACTS**
Map current services and identify areas of collaboration	By end Sept 2011. Feed into 2012/13 business plans	Child and Family Poverty Group	Partners working together to eliminate gaps/overlaps in service provision.
Explore opportunities offered by the DWP/ESP programme for families with multiple problems.	Starts late 2011 to 2014	TBC	Better identification and co-ordinated support for families with multiple problems.
Identification of appropriate SMART targets and indicators	November 2011	Child Poverty Steering Group	Better targeting of scare resources to points of greatest need and impact.

Objective Five: Maximise income			
ACTION	**TIMESCALE** **(all 2013 unless stated)**	**LEAD AGENCY**	**INTENDED IMPACTS**
Ensure that existing and new benefit claims are dealt with as quickly and accurately as possible		Revenues and Benefits administration - HBC	Fewer families resorting to doorstep and other unaffordable credit.
Support adults into employment		Halton People Into Jobs	Less unemployment, especially in worst performing neighbourhoods.
Attract and secure employment generating investment in the Borough. Ensure a good spread of skill requirement.		Development and Investment Services - HBC	Increased skill levels amongst local labour force. Increasing jobs in new and growing sectors of the economy. A greater proportion of jobs with new/expanding employers filled by local people.
Improve quality and range of the housing stock		HBC/Housing Partnership	Fewer families in unsatisfactory accommodation on social housing waiting lists.
Developing Financial Literacy		Halton CAB	Increased take-up of affordable credit and/or fewer repossessions/bankruptcies.
Provide supported bus services to key education and employment sites		HBC - Transport	More young people continuing in full time education post-16. Greater proportion of jobs with new/growing employers taken by local people.

This Development Plan is not exhaustive. Nor is it fixed, being subject to periodic review by the Halton Child & Family Poverty Steering Group on behalf of the Halton Strategic Partnership.

Outcome Indicators

Additional indicators may also indicate reduction in poverty for particular groups and/or improvements in ability to move out of poverty:

- *Children in Care attainment*
- *Attainment gap for free school meals*
- *Reduction in percentage of children eligible for free school meals*
- *Benefit claimants with children reduction*
- *Reduction in unemployment*
- *Reduce the number of families in unsatisfactory accommodation on social housing waiting lists*
- *Reduction in the number of repossessions*
- *Reduction in the number of bankruptcies*
- *Increase in the proportion of young people continuing in full time education post-16*

Performance Measures

The following measures may be used to indicate progress made with specific partners or specific programmes of work. *Please note that these are not in any specific order.*

- Numbers of young people accessing LOOSE music from deprived neighbourhoods
- Increase the number of Halton Credit Union premises across Halton
- Increase take up rates of financial inclusion services
- Proportion of new/expanding employer jobs filled by local people
- Increase the number of clients with dependent children accessing substance misuse services
- Reduction of obesity in poorer families
- Reduction in smoking rates in poorer families
- Increase speed and accuracy in dealing with benefit claims for new and existing claimants
- Reduce the number of families in unsatisfactory accommodation on social housing waiting lists

- Reduction in the number of repossessions
- Reduction in the number of bankruptcies

USEFUL LINKS

National Child Poverty Strategy - "A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives"
http://www.education.gov.uk/publications/eOrderingDownload/CM-8061.pdf

Frank Field review 'The Foundation Years: preventing poor children becoming poor adults'
http://povertyreview.independent.gov.uk/media/20254/poverty-report.pdf

Graham Allen review 'Early Intervention: The Next Steps'
http://media.education.gov.uk/assets/files/pdf/g/graham%20allens%20review%20of%20early%20intervention.pdf

National Child Poverty Unit
http://www.dwp.gov.uk/policy/child-poverty/

Halton's Child and Family Poverty Needs Assessment
http://cid-9104d6a5e629b08f.office.live.com/self.aspx/ChildPoverty/CPFNeedsAssessment.pdf

Department for Work and Pensions
http://www.dwp.gov.uk/policy/child%2Dpoverty/

Joseph Rowntree Foundation
http://www.jrf.org.uk/child-poverty

Child Poverty Action Group
http://www.cpag.org.uk/

End Child Poverty
http://www.endchildpoverty.org.uk/

GLOSSARY

Liverpool City Region – The LCR comprises of the five Merseyside Authorities of Liverpool, Sefton, Knowsley, Wirral and St Helens, plus Halton in Cheshire. The grouping recognises that these areas have similar underlying issues which can be best tackled through joint working.

Government definitions of Child Poverty

Relative low income - The relative low income target is that less than 10% of children who live in qualifying households live in households that fall within the relevant income group. A household falls within the relevant income group, in relation to a financial year, if its equivalised net income for the financial year is less than 60% of median equivalised net household income for the financial year.

Combined low income and material deprivation - The combined low income and material deprivation target is that less than 5% of children who live in qualifying households —
(a) live in households that fall within the relevant income group, and
(b) experience material deprivation.

A household falls within the relevant income group, in relation to a financial year, if its equivalised net income for the financial year is less than 70% of median equivalised net household income for the financial year.
Regulations must specify the circumstances in which a child is to be regarded as experiencing material deprivation in a financial year.

Absolute low income - The absolute low income target is that less than 5% of children who live in qualifying households live in households falling within the relevant income group.
A household falls within the relevant income group, in relation to a financial year, if its equivalised net income for the financial year is less than 60% of the adjusted base amount.
"The adjusted base amount", in relation to a financial year, is the base amount adjusted in a prescribed manner to take account of changes in the value of money since the base year.

- "the base amount" means the amount of median equivalised net household income for the base year;
- "the base year" means the financial year beginning with 1 April 2010.

Persistent poverty - In relation to a financial year ("the relevant financial year"), the persistent poverty target is that less than the target percentage of children who have lived in qualifying households during each of the survey years have lived in households that have been within the relevant income group in at least 3 of the survey years.

The survey years are—
(a) the calendar year that ends in the relevant financial year, and
(b) the 3 previous calendar years.

The target percentage is a percentage to be prescribed by regulations made before 2015.

A household falls within the relevant income group, in relation to a calendar year, if its equivalised net income for the year is less than 60% of median equivalised net household income for the year.

Instead of exercising the power conferred by subsection (3) of the Child Poverty Act, the Secretary of State may by regulations amend this section so as to substitute a different persistent poverty target for that set out in subsections (1) to (4).

Regulations under subsection (5) may only be made—
(a) before 2015, and
(b) with the consent of the Commission.

APPENDICES

APPENDIX 1: STAKEHOLDER WORKSHOP

PRIORITIES FOR ACTION AND WHY

The following tables provide a summary of a workshop undertaken to determine key priorities for tackling child and family poverty in the Borough. Participants were able to suggest any measures that they felt would positively impact on poverty and then through a series of votes participants were asked to rank the measures to ascertain the key priorities.

The first task asked participants to identify the underlying causes of poverty in Halton having seen a presentation of the needs assessment.

The most important factor was identified as 'Family aspirations' followed by 'Cultural acceptance'. In Halton low aspirations are believed to be a key factor holding children back from achieving their full potential. In particular a lack of positive role models, lack of academic ambition and a fear of further education is restricting the academic achievements of Halton's young people which leads to a cycle of low paid employment and increases the likelihood of becoming dependent on benefits in adult life.

However it is recognised that low aspirations are often a *result of* living in poverty rather than the *cause of* poverty. In many cases families living with the day to day grind of poverty do have aspirations but they often feel that there are too many barriers in their way to achieve them. This is important because if the barriers can be removed people are often very committed to improving their own lives.

When asked to identify the second most important issue 'Benefit dependency' was seen as the key issue followed by 'Lack of secure employment'. Both of these issues are related to low aspirations but also highlight the need to support people in finding employment through providing individuals with the necessary skills to access employment and ensuring that the right mix of jobs are available in the Borough.

What are the underlying causes of child poverty in Halton?

Issue	1st Vote
Family aspirations	***11***
Cultural acceptance	9
Lack of secure employment	3
Lack of long-term investment in services	3
Benefit dependency	1
Lifestyle	1
Educational attainment (post 16)	1
Financial lifestyle	0

Issue	2nd Vote
Benefit dependency	***9***
Lack of secure employment	7
Cultural acceptance	3
Lifestyle	2

Family aspirations	2
Financial lifestyle	2
Lack of long-term investment in services	1
Educational attainment (post 16)	1

Having identified the key causes of poverty the group were then asked to determine the key actions to mitigate the issues.

The group identified ‘Cultural challenge/aspirations’ as the key area of focus. This follows on strongly from the priority causes. Alongside this ‘Early intervention’ was also highlighted as the best way to bring about long term change.

When asked to select the second most important actions ‘Whole family approach (holistic)’ and ‘Flexible single point of access’ were chosen. Adopting a whole family approach recognises that intergenerational poverty is a serious issue and an holistic approach is necessary to break the cycle of poverty. Adopting a flexible single point of access recognises that the range of services offered can be confusing and people would benefit from a simpler system which guides them to the most appropriate service as quickly as possible.

What should our key priorities be?

Issue	**1st Vote**
Cultural challenge/aspirations	***7***
Early intervention	***7***
Focus on 0-5 years	5
Whole family approach (holistic)	4
Education – parentcraft	4
Identify ‘frequent flyers’	2
Best practice evidence	1
Flexible single point of access	0
Celebration of success	0

Issue	**2nd Vote**
Whole family approach (holistic)	***6***
Flexible single point of access	***6***
Cultural challenge/aspirations	5
Early intervention	3
Identify ‘frequent flyers’	3
Best practice evidence	2
Education – parentcraft	2
Focus on 0-5 years	1
Celebration of success	1

In the third task participants were asked to select the issue that should be tackled first. The most popular choice was ‘Mapping service user journeys to future provision’ with ‘Info sharing between partners’ a close second.

Mapping of services was seen as a key tool in firstly simplifying the system for users and secondly in identifying which services provide the best support for lifting people out of poverty. This relates strongly to the identification of a single point of access as an important measure for helping people to access services more easily.

Increased information sharing between partners also figured strongly. This category of action supports the whole family approach where information sharing between partners is key. It also supports early intervention and raising aspirations as a range of partners can provide a much broader overview of the contributory factors that lead to poverty than any one partner can. Once all of the factors are known, services are much better positioned to provide the right support to help families to escape poverty.

What should we tackle first?

Issue	1st Vote
Mapping service user journeys to future provision	***7***
Info sharing between partners	6
Community engagement – priorities	4
Multi-agency co-located teams	4
Targeted information services	3
Online multi-agency directory of services	3
Communications – what's happening?	1

Issue	2nd Vote
Info sharing between partners	***8***
Mapping service user journeys to future provision	6
Community engagement – priorities	3
Communications – what's happening?	3
Multi-agency co-located teams	2
Targeted information services	2
Online multi-agency directory of services	1

Financial Exclusion
In addition to the work undertaken through the needs assessment and the outcomes of the stakeholder workshop, this Strategy and the resulting Development Plan have been shaped by an assessment of the prevalence and effects of financial exclusion in Halton, which has been undertaken by Halton and Warrington Trading Standards.

Financial exclusion can mean that individuals have limited or no access to:

- **Bank Accounts:** vulnerable individuals can find it difficult to obtain bank accounts and difficult to understand how to use their account to avoid unnecessary bank charges. Individuals can be refused a bank or building society account because they cannot provide identity documents to show who they are and where they live. Many banks and building societies only accept a driving licence or passport, which some low-income families do not have. Basic bank accounts provide essential financial services such as enabling people to pay their bills by direct debit, pay in cheques and cash, and make cash withdrawals 24 hours a day and receive income and benefit payments.

- **Personal Credit:** vulnerable individuals can find it difficult to obtain personal credit from mainstream low-cost lenders.

- **Insurance:** vulnerable individuals can have difficulty accessing insurance products, particularly home contents insurance, either because they haven't got the income to pay for a policy or because the area where they live attracts higher premiums.

- **Savings:** many individuals on lower or fixed incomes can find it difficult to get savings started and experience difficulty in accessing savings accounts.

- **Financial Advice:** individuals can find it difficult to get simple and independent explanations of financial services and easy access to money management information.

- **Employment:** not having a bank account often acts as a barrier to employment as more and more employers prefer to pay wages directly into a bank account.

Certain groups are at high risk of financial exclusion: social housing tenants, those who are unemployed, those claiming benefits and lone parents. There is an established link between social housing and child poverty and in Halton every Lower Super Output Area that has high levels of child poverty also has a high proportion of social housing - the highest correlation in the Liverpool City Region[4].

The demographic profile of Halton provides the following estimates of those at high risk of financial exclusion:

Groups at high risk of financial exclusion	**Estimated numbers 'at risk' in Halton**
Tenants of Social Rented Housing	13,245 households
People who are **unemployed** and claiming Job Seekers Allowance	4,110 people (May 2010)
People **claiming health-related benefits**	8,420 people (May 2010)
Lone parents on income support	2,200 people (May 2010)

It should be noted that any one individual may experience several of these risk factors together and so it is difficult to estimate the actual number of households or people that are at risk of financial exclusion.

The need to tackle financial exclusion within the Borough will be a key consideration in the development of the Development Plan.

[4] A Brighter Future: working together to Tackle Child and Family Poverty, Child and Family Poverty Framework Interim Analysis Report, Liverpool City Region, 2010, pg 30

ANNEX

Annex 1 Halton's Child and Family Needs Assessment

Annex 2 Membership of the Halton Child & Family Poverty Steering Group

	Organisation
1	Portfolio Holder for Children, Young People and Families, HBC. (Chair)
2	Chair of Children & Young People Scrutiny Board, HBC
3	Operational Director for Learning & Achievement. HBC
4	Halton & Warrington Youth Offending Team
5	Job Centre Plus
6	Cheshire Constabulary
7	Local Transport Authority
8	Halton Childrens' Centre Manager
9	Halton & Warrington Trading Standards
10	Halton Citizens Advice Bureau
11	Halton Parents & Carers Forum
12	NHS Halton & St Helens

Partnership and Administrative Support is provided by Halton Borough Council

[As at July 2011]

Agenda Item 4a

REPORT TO:	Executive Board
DATE:	13th October 2011
REPORTING OFFICER:	Strategic Director, Policy and Resources
SUBJECT:	Parliamentary Boundary Review
WARD(S)	Borough-wide

1.0 **PURPOSE OF THE REPORT**

1.1 **The purpose of the report is to appraise members of the Boundary Commission for England's initial proposals for revised Parliamentary Boundaries as they affect Halton and to propose a response to those proposals from the Council.**

2.0 **RECOMMENDATION: That Council support the response outlined in paragraph 5.1 of this report.**

3.0 **SUPPORTING INFORMATION**

3.1 The Boundary Commission for England has the task of periodically reviewing the Boundaries of all the Parliamentary Constituencies of England. They are currently conducting a review on the basis of new rules laid down by Parliament.

3.2 The rules in question involve a significant reduction in the number of Constituencies in England – from 533 to 502. They require that every Constituency, apart from a couple of exceptions, **must** have an electorate that is no smaller than 72,810 and no larger than 80,473.

3.3 The Commission has now completed the first stage of the review process and has published its initial proposals. The full detail of those proposals can be found at – **http://consultation.boundarycommissionforengland.independent.gov.uk/**

However, for the North West, Cheshire and Halton the proposals are as follows:

- The North West has been 'allocated' 68 Constituencies – a reduction of 7,
- Only 7 of the existing 75 North West Constituencies remain unchanged,
- It has not been possible to allocate whole numbers of Constituencies to individual Council areas (because of the number rule),
- It has been necessary to propose some Constituencies that cross county or unitary authority boundaries,
- The initial proposals place Wards (as Wards are the building blocks of Constituencies) in Halton in three new Constituencies as follows:

- **Hale and Ditton** in a Mersey Banks Constituency that also includes two Wards in Wirral (Bromborough and Eastham) and five Wards in Cheshire West and Chester
- **Daresbury and Norton North and Norton South** in a Warrington South Constituency that also includes ten Wards in Warrington
- **The rest of the Wards** would form part of a Widnes and Runcorn Constituency which also includes a Ward in Warrington (Penketh and Cuerdley).

3.4 The Council, or indeed anybody, has until 5th December 2011 to comment on these initial proposals.

3.5 The overall review process is being undertaken in five stages. These are outlined below:

Stage 1	Publication of Initial Proposals
Stage 2	Consultation on Initial Proposals (current phase)
Stage 3	Consultation on representations received (likely to be in Spring 2012)
Stage 4	Publication of Revised Proposals (likely towards end of 2012)
Stage 5	final recommendations (**must** be done by 1st October 2013).

4.0 SUGGESTED RESPONSE

4.1 The rules set by Parliament provide a significant challenge to the Boundary Commission. The legislation states that when deciding on boundaries, the Commission **may** also take into account:

(a) special geographical considerations, including the size, shape and accessibility of a Constituency;
(b) Local Government boundaries as they existed on 6th May 2010;
(c) boundaries of existing Constituencies; and
(d) any local ties that would be broken by change in constituencies.

4.2 However, the overriding rule is the one related to the number of electors. The proposed Constituencies **must** fall within the range outlined earlier. This inevitably means there will be some of the proposals that fail to comply wholly or partly to rules (a) to (d) above. The debate will be around how much a Constituency departs from the rules the Commission **may** consider.

4.3 Turning to the proposals that affect Halton, the first question is "What would the ideal set of circumstances be?" It would seem sensible that, if at all possible, the Constituency or Constituencies affecting Halton should, wherever possible, be either coterminous or rest wholly within the existing Borough boundaries. This would meet the Commission's rules in (a) to (d) above. However, with a Borough electorate of 92,550, this is not possible as it does not comply (or even nearly comply) with the numbers rule.

4.4 The next best option, therefore, would be that, if there are to be a minimum of two Constituencies within Halton, then one of those should wholly rest within the Borough boundaries. This would be clear for residents, would meet the Commission's rules and would be simple to administer for election purposes.

4.5 Given that this would appear to be a sensible objective for the Council, it now needs to be applied to the Commission's proposals. The following points need to be considered:

- Without a change to the rules set by Parliament, the Council has to accept that there will be a minimum of two Parliamentary Constituencies covering Halton (this has been the case in recent years),
- Does the inclusion of Hale and Ditton in the Mersey Banks Constituency make any sense in the light of Parliamentary rules (a) to (d) above?
- Does the inclusion of the Penketh and Cuerdley Ward in the new Widnes and Runcorn Constituency make sense in the light of the rules?
- Does the inclusion of Daresbury, Norton North and Norton South in the Warrington South Constituency make sense in the light of the rules?

4.6 Looking at Ditton and Hale first, the simple answer to the question has to be an emphatic no, for the following reasons:

- Ditton and Hale have no local ties whatsoever with the other Wards contained within the Mersey Banks Constituency,
- The maps used by the Commission suggest that Ditton and Hale are near neighbours to the other Wards in Mersey Banks. The reality is that the River Mersey, at that point, is some 1.8 miles wide,
- Movement in and around that proposed Constituency is difficult as the current river crossing points are either the Silver Jubilee Bridge or the Mersey Tunnels, giving journey times between Hale and Bromborough of above 45 minutes, whichever route is chosen, assuming there is no congestion on the Bridge or through Liverpool and the Tunnels,
- Hale and Ditton have been associated for Parliamentary purposes with Widnes since 1885 and part of the Borough of Halton since 1974 (37 years),
- There is simply no community of interest between Hale and Ditton and the other Wards in the proposed Constituency,
- Retaining Hale and Ditton within the Widnes and Runcorn Constituency is in line with existing Borough Council boundaries and the existing Parliamentary boundary of Halton.

4.7 Looking then at the inclusion of the Penketh and Cuerdley Ward in the Widnes and Runcorn Constituency, the Council would argue that it makes little sense to take one Ward out of the Borough of Warrington, particularly as the consequence of doing so places Hale and Ditton into a Constituency that makes no sense at all.

4.8 Turning finally to the issue of the Daresbury, Norton North and Norton South Wards being proposed as part of a Warrington South Constituency, the issues would appear to be that:

- Given that the Halton electorate is too large to have its own single constituency, then some Wards would have to sit with a cross-borough constituency,
- These Wards have previously been associated with cross-borough constituencies, eg. Weaver Vale and prior to that Warrington South,
- While the Council would prefer coterminous Constituencies with the Borough Boundary, it recognises that this simply is not possible.

5.0 **CONCLUSIONS**

5.1 Having carefully considered the Commission's proposals and recognising the difficult job the Commission has, it is suggested that the Council responds as follows:

1. It strongly opposes the inclusion of Hale and Ditton in the Mersey Banks Constituency for the reasons outlined in paragraph 4.6,

2. Suggests that the Penketh and Cuerdley Ward remains within a Warrington based Constituency,

3. Supports the creation of a Widnes and Runcorn Constituency containing the following Wards:

   Appleton, Beechwood, Birchfield, Broadheath, Hale, Halton Castle, Farnworth, Grange, Halton Brook, Halton Lea, Halton View, Heath, Ditton, Hough Green, Kingsway, Mersey, Riverside and Windmill Hill.

   This Constituency would fit the Commission's number criteria as it contains 79,654 electors.

4. Accepts the inclusion of Daresbury Norton North and Norton South in the Warrington South Constituency.

6.0 **POLICY IMPLICATIONS**

6.1 None.

7.0 **OTHER/FINANCIAL IMPLICATIONS**

7.1 None.

8.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

8.1 **Children & Young People in Halton**

None

8.2 **Employment, Learning & Skills in Halton**

None

8.3 **A Healthy Halton**

None

8.4 **A Safer Halton**

None

8.5 **Halton's Urban Renewal**

None

9.0 **RISK ANALYSIS**

9.1 There are no risks associated with the report.

10.0 **EQUALITY AND DIVERSITY ISSUES**

10.1 There are no equality issues associated with this report.

11.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

Document	Place of Inspection	Contact Officer
Initial Proposals Paper	Boundary Commission for England	BCE's Website

REPORT TO:	Executive Board
DATE:	13 October 2011
REPORTING OFFICER:	Operational Director – Finance
SUBJECT:	Local Government Resource Review Proposals for Business Rates Retention - Consultation
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To seek approval to the Council's proposed response to the Government's consultation in relation to the proposals for Business Rates Retention as part of the Local Government Resources Review.

2.0 RECOMMENDED: That;

(i) the Council's consultation response presented in Appendix 2 be approved;

(ii) the Council contributes to a joint consultation response by the Liverpool City Region.

3.0 BACKGROUND

3.1 The Government's Local Government Resource Review will make fundamental changes to the funding of local government and will have a significant impact upon the future resources available to the Council.

3.2 On 18th July 2011 the Government launched a consultation in relation to the proposals for Business Rates Retention as part of the Resource Review. Eight technical papers were published during August 2011, providing further details of the proposals. The consultation also sets out how Tax Increment Financing (TIF) and the New Homes Bonus might work within the proposed Business Rates Retention system.

3.3 In 2011/12 business rates contributed 76% of the total national Formula Grant provided to Council's, with the balance met by Revenue Support Grant. Business rates are currently collected by councils and paid over into a national pool from which they are re-distributed as part of formula grant on a per capita basis. The Government's proposals are that from 2013/14 formula grant will be fully funded from business rates with the removal of revenue support grant.

4.0 PROPOSALS FOR THE RETENTION OF BUSINESS RATES

4.1 The consultation does not propose any changes to the current business rates payment mechanism ie. rateable values will continue to be set by the Valuation Office Agency and the rate in the pound will still be set by Government. Therefore the charges levied for business rates will continue to remain outside the Council's control and will not be localised.

4.2 The changes proposed by the Government relate instead to the "re-distribution" of business rates. The proposals are a fundamental change to the funding of local government. There was a risk that business rates could be fully localised, which would have had a major impact upon Halton's future funding. However, the Government has acknowledged that this would have brought too much volatility in the funding of local government services, and instead has proposed a system with effect from 1st April 2013 whereby councils will retain additional revenues from business rates above a Government-determined baseline.

4.3 The new re-distribution system will be based upon "tariffs" and "top-ups" to ensure no council is better or worse off from the start. Halton, along with all the Liverpool City Region councils, is a net receiver under the current national pool arrangements. In 2010/11 Halton received £64m of formula grant. This comprised £8m of revenue support grant and £56m of re-distributed business rates. However, Halton only paid over £44m into the national business rates pool relating to the business rates collected in the Borough.

4.4 Therefore, under the proposals Halton would receive a top-up grant in addition to the business rates collected locally. This is intended to ensure councils are protected at 2012/13 funding levels. Going forward, the system will operate on a "risk and reward" basis whereby councils will be allowed to retain growth in business rates (reward), but will also lose resources if business rates decline (risk).

4.5 The Government's stated aim for the changes is to incentivise councils to encourage economic growth and regeneration in their areas as they will in future benefit from increases in local business rate yields. The change to the system should not affect businesses as the mechanics of the current system will remain unchanged.

4.6 There are further implications as to how this new system will work within the Localism Bill currently before Parliament. In the Bill, there are local freedoms to offer business rate discounts and reliefs. The potential impact of this is that wealthier councils will be able to offer discounts/incentives to businesses to relocate from poorer tax base councils who cannot afford to offer such discounts.

4.7 There are a number of key issues and financial risks for Halton associated with the proposed changes, as follows;

(i) the basis used by the Government to determine the baseline position and how much top-up grant is likely to be received, are critical;

(ii) how the baseline and top-up grants are likely to change in future years, as this may result in the value of Halton's resource base diminishing over time compared to the increasing cost of providing services, resulting in either an increase in council tax or reduction in services;

(iii) if total business rates income exceeds the Comprehensive Spending Review national control totals then the excess income will be used by government to fund other grants, whereas under the current system all business rates must be re-distributed to councils;

(iv) if business rates income reduces in future there is a danger that the safety net mechanism may be insufficient to compensate councils.

4.8 There are seven components of the consultation which are outlined in Appendix 1, along with an indication of the potential implications for Halton within each component.

5.0 CONSULTATION DEADLINE

5.1 The deadline for responses to the consultation is 24th October 2011. Halton's proposed response to the consultation is presented in Appendix 2.

5.2 It is proposed that in addition to making its own response to the consultation, the Council also contributes to a joint consultation response by the Liverpool City Region which is currently being prepared.

6.0 POLICY AND OTHER IMPLICATIONS

6.1 None.

7.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

7.1 There are no direct implications, however, the Local Government Resource Review will have a fundamental impact upon the Council's future funding and therefore upon the delivery and achievement of all the Council's priorities.

8.0 RISK ANALYSIS

8.1 The impact upon the Council's future funding is difficult to ascertain with any certainty at this stage. The Council is however drawing upon technical support and briefings provided by Sigoma, Local Government Association, and other bodies as well as liaising closely with colleagues in the Liverpool City Region, in order to establish the best options for Halton within each area of the Government's consultation.

9.0 EQUALITY AND DIVERSITY ISSUES

9.1 None.

10.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1072

Document	Place of Inspection	Contact Officer
Local Government Resource Review: Proposals for Business Rates Retention Consultation	Financial Management Division Kingsway House Widnes	Ed Dawson Divisional Manager Financial Management
Technical Papers 1-8 • Establishing the Baseline • Measuring Business Rates • Non-billing Authorities • Business Rates Administration • Tariff, Top-Up and Levy Options • Volatility • Revaluation and Transition • Renewable Energy	Financial Management Division Kingsway House Widnes	Ed Dawson Divisional Manager Financial Management

APPENDIX 1

COMPONENTS OF THE BUSINESS RATES CONSULTATION

There are seven components of the Business Rate consultation and a summary of each is provided below along with an indication of the potential implications and consultation response for Halton.

1. SETTING THE BASELINE

Funding Baseline

The main consultation document proposes to establish a fair starting point for all councils and ensure that no-one loses out at the outset of the scheme.

It would appear that the 2012/13 funding levels for councils will be considered as the base on which to implement the review. Such a base position will still lock-in significant business rates for Halton funded through the national pool arrangements, which would in future be classed as a “top-up” grant.

The Government propose two options for setting the funding baseline;

- Option 1: adjust actual 2012/13 formula grant allocations in proportion to the sum of local government control totals as per the Comprehensive Spending Review (CSR) 2010.

- Option 2: apply the 2012/13 formula grant process to the sum of local government control totals as per CSR 2010 and at the same time make technical updates to the formula.

Halton’s response to the consultation favours option 1, as it would provide stability and simplicity at such a volatile period in terms of council funding. If option two was applied there would be a greater risk that the baseline may reduce resulting in less funding being made available to Halton.

For either option Government will need to decide whether to use 2012/13 formula grant before or after floor damping. Floor damping is a self-funding mechanism within formula grant which protects councils’ year-on-year funding from dropping below a certain percentage. The 2012/13 indicative formula grant allocations show that Halton is protected by £2.649m of damping, which represents 4.3% of the formula grant allocation.

It is essential that the baseline should be based on the damped allocation of 2012/13 formula grant. The removal of damping will be costly to Halton; it would also go against the proposal to establish a fair starting point meaning that floor authorities would be at a disadvantage at the commencement of the scheme.

Business Rate Baseline

It is very important that Government measures fairly the business rates starting position, as the suggestion in the consultation is that it will be fixed for many years (possibly ten years). A council's business rates baseline will be set in proportion to the national business rates baseline. In order to calculate the national business rates baseline Government will forecast 2013/14 and 2014/15 national business rates based on the actual national non-domestic multiplier for 2013/14 and an estimated multiplier for 2014/15.

The consultation explains that, to avoid putting its deficit reduction programme at risk, the Government will set-aside from the forecast national business rates the sum needed to ensure that the business rates retention scheme operates within the expenditure control totals for 2013/14 and 2014/15. Further adjustments will be made to remove sums to fund the future cost of the New Homes Bonus Scheme, police authorities and, possibly, single purpose fire and rescue authorities to arrive at the national business rates baseline.

In order to arrive at an individual council's baseline figure the national baseline will be apportioned between billing authorities on the basis of proportionate shares. Proportionate shares will be calculated as an individual council's business rates income expressed as a percentage of the aggregate of all billing authorities business rates income. There are two options for measuring individual business rates;

- Option 1: using a spot assessment based on one particular day, or;

- Option 2: an average of a council's business rates income over two or three years.

Within the response Halton has argued that the proportionate share should be calculated as an average over three years, as this will smooth out any shocks in business rates yield felt by any individual council. An average should produce a lower proportionate share for Halton, whilst a spot assessment would increase the proportionate share. This is due to Halton's business rate contribution to the national pool growing gradually over the past three years.

2. TARIFFS AND TOP-UP GRANTS

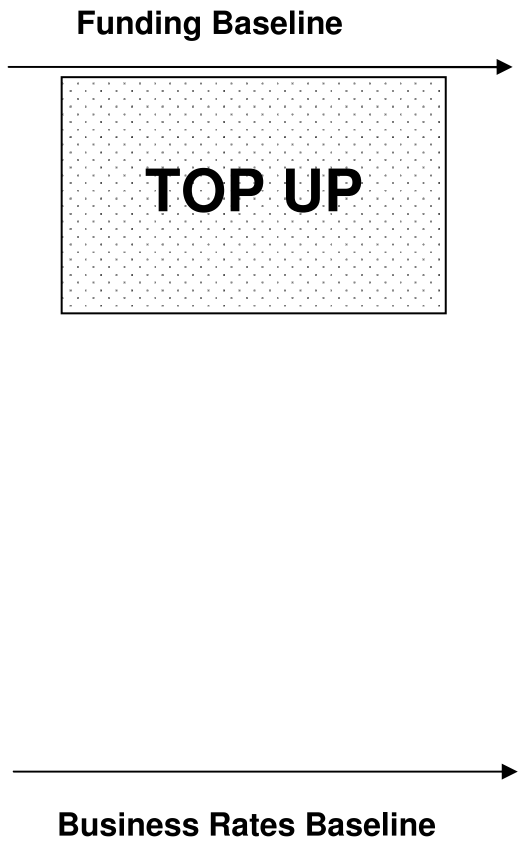
Setting Tariffs and Top-Up Grants

In order to achieve a fair starting position the Government would calculate a tariff or top-up grant amount for each council. The general rules would be;

- Those councils with a business rates baseline in excess of their baseline level of funding would pay a tariff to Government;

- Those councils with a business rates baseline below their funding baseline would receive a top-up grant from Government.

The tariff and top up grants would be self-financing and remain fixed year-on-year until a reset was undertaken. Halton will be a top-up grant council. The top-up grant can be illustrated as;



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The Council's proposed consultation response is centred upon ensuring the top-up grant amount for Halton is as large as possible. In order to do this the Council would need a high funding baseline and low business rates baseline. Removing damping and calculating the business rates baseline with technical changes, will have the effect of lowering the funding baseline. Calculating the business rates baseline using a future spot assessment will increase the business rates baseline

<u>Fixing Tariffs and Top Ups</u>

Whilst the Government would fix both the tariff and top-up grants until any reset is undertaken, there are two options in the consultation to either;

- Uprate the year-one tariff and top-up grant amounts by the Retail Price Index (RPI) each year, to reflect the annual RPI increase in the nationally set business rates multiplier, or;

- Retain the year-one cash amounts and do not uprate them by RPI.

It is crucial to Halton that top-up grants are increased by RPI year-on-year. The approach to fixing tariff and top ups in cash terms would place the top-up grant councils in a much weaker position than the tariff councils. Tariff councils would gain in an RPI increase to business rates income whilst the tariff that is apportioned amongst top-up grant councils would not be increased. Government state that they want a fair starting point for all councils, but that position starts to erode in year 2 if tariff councils gain from an increase to RPI and top-up grant councils do not.

Based on a forecast of the top-up grant that Halton would receive at the commencement of business rates retention scheme, it is estimated that Halton could lose £1.9m in the first three years of the scheme if RPI is not applied to both tariff and top-up grants. The result of this loss of funding would add 1.4% per annum to council tax to continue funding the cost of services at existing levels.

3. THE INCENTIVE EFFECT

The consultation states "This incentive effect is at the heart of the changes that business rates retention is aiming to deliver – shifting from the allocation of local government funding solely on the basis of a central government assessment of need and resources to future increases in funding being on the basis of local economic growth."

In the consultation response Halton maintains that protection should be evident in any funding system which ensures that councils have the funding available to keep pace with the cost they incur in providing services. Incentivising growth cannot be seen as a priority over protecting local needs.

Halton argues in the response that the incentive effect will not work as described, as it does not take into account the advantage some councils have of increasing their business rate base due to their geographical location. Whereas there are councils who would need to invest additional resources to see the same growth, if any at all.

A council can keep a significant proportion of the additional business rates it generates, but it must also work hard to retain the businesses it has, as any loss of business rates will directly affect the revenues of the council. Furthermore, councils will be liable for failure to bill and collect business rates, therefore, a poor collection rate will result in a potential debt liability to the council.

4. A LEVY RECOUPING A SHARE OF DISPROPORTIONATE BENEFIT

To manage the possibility that some councils with high business rate taxbases could see disproportionate financial gains, Government would recoup a share of disproportionate benefit through a levy. The proceeds would be used to fund a "safety net" which would manage significant negative volatility in individual councils' business rates and so ensure stability in the system.

Halton agrees with the introduction of a levy on disproportionate benefit. If councils are to be funded wholly by business rates then there needs to be adequate resources to fund councils facing reductions to their income.

The way in which the levy is designed can have a positive impact upon moderating a "gearing effect" caused by the uneven distribution of business rate bases and the different spending needs of councils. As an example, in a council with a business rates base of £100m and a total budget requirement of £50m, a 5% increase in business rates income will result in a 10% increase in revenue. For another, with a different business rates base (£10m) and the same budget requirement (£50m), the same 5% increase in business rates income would only produce a 1% increase in revenue.

There are three proposed options as to how a levy could be calculated, which are summarised below;

- Option 1: Flat Rate Levy - levy based on pence in the pound with the same rate for all councils.

The flat rate levy has been opposed in Halton's response as it takes a too simplistic approach. The disadvantage is that it does not deal with the gearing effect described above and would therefore result in councils with a high tax base and low need benefiting more from the same levels of growth than councils with a low taxbase and high need.

- Option 2: Banded Levy - levy based on pence in the pound but introduce a "banding approach".

This would assign councils into different bands, with different levy rates depending on their levels of gearing. Councils with higher gearing levels would hand over a greater percentage of their retained income to fund the safety net. The disadvantage with this option is that it could develop into a complicated system with many bands which will always have 'cliff edges', with some councils falling just above or below a band boundary.

- Option 3: Proportional Levy - an individual levy rate for each council to allow the retention of growth in an equivalent proportion to its baseline revenue. For example a 1% growth in business rates income would allow councils to retain up to 1% growth in their baseline funding. There is flexibility in the option as the ratio could be altered with a 1% growth in business rates income resulting in councils retaining up to 0.5% or 2% growth in their baseline funding.

Halton has favoured the proportional levy rate within the consultation response as opposed to options 1 and 2. We have asked for a smaller levy ratio to be applied so that it protects the growth in business rates for top-up grant councils, whilst also creating a larger levy pot to protect against future volatility in the system. It would help the gearing effect and offer a more equal incentive for all authorities. The optimum levy ratio for Halton which would protect future growth whilst also ensuring a large levy pot would be 1% growth in business rates income resulting in a 0.75% increase in baseline funding.

It is important that the Government recognise the gearing effect where large tax base councils can gain significant resources compared to low tax base councils such as Halton, for the same increase in business rates base.

The proceeds of the levy will be used to fund councils (by way of a safety net) suffering from volatile changes i.e. losses in tax base. It should be noted that renewable energy projects are proposed to be excluded from any levy calculations.

The consultation response calls for the safety net to protect councils whose funding falls from one year to the next and also if their funding was to drop below their baseline position regardless of the percentage drop. The response also argues for the safety net to provide an absolute guarantee of support rather than financial assistance being scaled back if there is insufficient funding in the levy pot. We would not want inconsistencies in the system from one year to the next due to the lack of funding in the levy pot. There needs to be fairness and equality throughout the system.

5. ADJUSTING FOR REVALUATION

It is important that financial gains or losses as a result of revaluation are removed from the system. Revaluations will continue every five years by the Valuation Office Agency and a scheme of transitional relief would remain.

It is proposed that the tariff or top-up grant of each council is adjusted at revaluation, so that the sum of each council's retained business rates and tariff or top-up adjustment is the same after revaluation as immediately before.

Having made adjustments to tariffs and top-ups to protect against the impact of revaluation the consultation proposes that there will be no further adjustments to reflect subsequent appeals against the rating list. The proposal is that the impact of any appeals will be treated as part of the normal volatility of the system.

Halton has disagreed with the proposed treatment of appeals against the rating list. It is unfair that the system will protect councils at only the first stage of the revaluation process. Councils will be at risk of genuine growth in business rate income being diluted by downward revaluation appeals.

6. RESETTING THE SYSTEM

The Government would have the option of resetting the system if it was felt that resources no longer met changing service pressures sufficiently within individual council areas.

The Government is considering that a reset would be in many years time (10 years), and that any reset may only be partial (linked to original baseline), and may not consider needs. This is a major concern for Halton and the Liverpool City Region as councils could be tied into assessed relative need resources at 2012/13 levels for more than 10 years, and the gap between resources and relative needs will grow.
Therefore, a system of full resets on a more regular resetting would be more appropriate and should be aligned to multi-year local government finance settlements, comprehensive spending reviews or revaluations of the rating system.

7. POOLING

A group of councils, such as the Liverpool City Region, can voluntarily form a “pool” to share the risk and rewards. This option has some merits in that it reduces the financial risk of localised business losses for individual councils and allows a sub-regional strategic assessment of where businesses are best located rather than financially motivated competition. However, it must be recognised that this approach does reduce the financial reward for the best performing councils in any pool, as the rewards (like the risks) are shared.

APPENDIX 2

PROPOSED RESPONSE TO THE CONSULTATION ON BUSINESS RATES RETENTION

Halton Borough Council Response – Proposals for Business Rate Retention

Q1 – What do you think the Government should consider in setting the baseline

Halton would hope that DCLG recognise the importance of protecting those authorities whose formula grant allocations are protected by the floor and therefore it is vital that the 2012/13 formula grant allocations are used in setting the baseline. Due to the severity of the cuts in financial years 2010/11, 2011/12 and 2012/13 we request solidity in the funding for local authorities.

We request that Government resist the urge to make technical changes to the formulae and avoid adding further volatility to the baseline.

It is pleasing to note that Government recognise as a priority the need to maintain local budget stability and that there should be a fair starting point.

Q2 – Do you agree with the proposal to use 2012-2013 formula grant as the basis for constructing the baseline? If so, which of the two options at paragraphs 3.13 and 3.14 do you prefer and why?

Halton agrees with the proposal of using the 2012/13 formula grant for setting the baseline. In terms of stability and simplicity at such a volatile period in terms of local government funding the option to take the 2012/13 formula grant and adjust for the 2013/14 and 2014/15 control total adjustments with no further changes would be our preferred option.

If the second option was chosen to make very limited technical changes it is vital that those authorities on the floor are protected and changes are not made to the level of the floor.

Q3 – Do you agree with the proposed component of tariff and top up amounts as a way of re-balancing the system in year one.

Agree, the tariff and top up mechanism is a reasonable approach to addressing the issue of funding authorities whose funding could not be maintained by the localisation of business rates alone.

Q4 – Which option for setting the fixed tariff and top-up amounts do you prefer and why?

Halton would prefer for top up and tariff amounts to be uprated by RPI on an annual basis. The gains in an authority's retained income should come from an increase in their Business Rate base rather than increases in RPI. The approach to fixing the tariff and top ups in cash terms would place the top up authorities in a much weaker position than the tariff authorities.

CLG argues for a fair starting point but that fair position starts to erode in year 2 if tariff authorities gain in an increase to RPI and top-up authorities do not.

Q5 – Do you agree that the incentive effect would work as described?

Halton does not believe that the incentive effect of Business Rates retention would work. There are authorities who have the advantage of increasing their Business Rate base due to their geographical location whereas there are authorities who may need to invest additional resources to see the same growth, if any at all.

For many years Halton has been very active in implementing schemes to grow business rates. Halton has always been keen to see the economy grow and increase the number of businesses and jobs within the borough. The aim of local economic growth should not be seen as an incentive for local authorities to benefit from business rate growth only.

Q6 – Do you agree with our proposal for a levy on disproportionate benefit, and why?

Halton agrees with the introduction for a levy on disproportionate benefit, if local authorities are to be funded wholly by Business Rates then there needs to be adequate reserves to fund authorities facing reductions to their income.

The proceeds of the levy should be returned to local government in full to pay for the safety net.

Q7 – Which option for calculating the levy do you prefer and why?

Halton is opposed to the Flat Rate Levy as it disadvantages those authorities with smaller gearing ratios. Based on the same percentage growth smaller authorities would generate less retained income than those authorities who are highly geared.

The banding approach is a fairer system than the flat rate levy as there is greater incentive for growth than the lower geared authorities. Halton note that there are a number of disadvantages in the system in that to make it fair there would have to be a large number of bandings to take into account the range of authorities gearing ratios. Regardless of the number of bandings the system will always have cliff edges.

Halton’s option would be for the proportional levy based on a ratio of at least 0.75:1. As suggested in the consultation paper the proportional levy would have the same incentive effect right across the board which therefore brings fairness into the system which the other two options do not.

Q8 – What preference do have for the size of the levy?

Halton’s preference would be for a smaller proportional levy rate to generate a larger levy amount which would fully fund a safety net. To ensure that there is fairness in the scheme at all times and to protect those authorities with greater needs a large safety net amount would be required.

Q9 – Do you agree with this approach to deliver the Renewable Energy commitment?

We agree with the approach that authorities should be able to keep all retained income from growth in new renewable energy schemes within their area to maximise the community benefit.

Q10 – Do you agree that the levy pot should fund a safety net to protect local authorities:

(i) whose funding falls by more than a fixed percentage compared with the previous year (protection from large year to year changes); or

(ii) whose funding falls by more than a fixed percentage below their baseline position (the rates income floor)?

There should be insurance in the system to protect authorities from volatility in their funding from one year to the next and if their funding fell below the baseline position.

Authorities who are paying into the levy system year on year should be able to benefit from the system if their funding was to drop due to circumstances beyond their control. Authorities should not have to set aside growth in retained income through reserves to mitigate risk in retained income in future years whilst also paying a levy to protect them against this risk.

Halton would also like to see measures introduced in the system if an authorities funding fell below their baseline position regardless of the percentage drop.

Q11 – What should be the balance between offering strong protections and strongly incentivising growth?

Protection should be evident in the system which ensures that authorities have the funding available to keep pace with the cost it incurs in providing services. Incentivising growth can not be seen as a priority over authorities having the adequate resources to meet local needs.

Government state that their will be a fair starting position for all authorities, we believe that they should apply this principle further and ensure that the system remains fair to all authorities year on year.

Q12 – Which of the options for using any additional levy proceeds, above those required to fund the safety net, are you attracted to and why?

Halton favours options 1&2 for the use of surplus levy proceeds once the safety net has been fully funded. Providing ongoing support for authorities that have experienced significant losses is essential. If an authority was to lose a major business from its area it could be many years before that loss in business rates is recovered.

Topping up the growth to authorities which had not contributed to the levy is a further incentive to those authorities with a smaller rate base who would not see the same rewards when growing at the same percentages as authorities with larger rate bases.

Q13 – Are there any other ways you think we should consider using the levy proceeds?

Levy funds should also be made available to areas of higher deprivation to promote growth when they are not benefitting from the system in comparison to other authorities.

Q14 – Do you agree with the proposal to readjust the tariff and top-up of each authority at each revaluation to maintain the incentive to promote physical growth and mange volatility in budgets.

Agreed, in order to manage the volatility of revaluations it is appropriate that the RPI uprated tariff and top ups for each authority is reviewed at this time.

Q15 – Do you agree with the overall approach for managing transitional relief.

Halton agrees that no authority should be allowed to lose or gain from transitional relief; we see no reason for any changes with the current national system on transitional rate relief.

Technical Paper 6 suggests that any cost of transitional relief is funded by levy proceeds. Halton do not agree with this, as it is proposed transitional relief sits outside of the scheme, the funding of any deficit should continue to be funded by central government, the use of the set aside perhaps?

Q16 – Do you agree that the system should include the capacity to reset tariff and top up levels for changing levels of service need over time?

Halton agrees that there should be capacity in the system to reflect for changing needs. As emphasised in Q11 a priority of the scheme should be to protect authorities to keep pace with the increasing costs of funding vital services.

Q17 – Should the timings of resets be fixed or subject to government decision?

To ensure the system is fair and impartial the timings of the resets should be fixed. We also consider that it would be important to have a mechanism which ensured that government could take the decision to consider a partial reset during times of volatility in the national economy eg recession.

Q18 – If fixed, what timescale do you think is appropriate?

If there is a proposal in the system to readjust the tariff and top up at each revaluation then it would be appropriate for a full reset to be done at this time. It ensures that upheaval in the system is done once every five years, this allows for certainty in the system that authorities will be allowed to retain their growth for the maximum of five years.

Q19 – What are the advantages and disadvantages of both partial and full resets? Which do you prefer?

Halton would prefer a full reset so that retained income within the system is fully redistributed to ensure a fair distribution of funding between authorities based on needs and the changing levels of service.

Q20 – Do you agree that we should retain flexibility on whether a reset involves a new basis for assessing need?

If government are to determine the assessment of need on any other basis than formula grant then it should be done in conjunction with a full consultation involving all stakeholders.

Q21 – Do you agree that pooling should be subject to the three criteria listed at paragraph 3.50 and why?

Halton support the principle of there being a collective management of risk in the fluctuations of business rate yield but this should be at a national level rather than smaller localised pools.
Agree, pools should only be formed on a voluntary basis and it is the responsibility of each member to agree to the workings of the pool.

Q22 – What assurances on workability and governance should be required?

Assurances on workability and governance should be no different from other partnerships authorities will have between each other.

Q23 – How should pooling in two tier areas be managed? Should districts be permitted to form pools outside their county area subject to the consent of the

county or should there be a fourth criterion stating that there should always be alignment?

Halton is a unitary authority and therefore has no comment.

Q24 – Should there be further incentives for groups of authorities forming pools and, if so, what would form the most effective incentive?

Incentives in forming pools should not be at the disadvantage of other authorities who stand alone. Members of pools should share in the risk and reward element between the members of the group.

Q25 – Do you agree with these approaches to non-billing authorities?

As an interim measure we agree that Police and Fire authorities should receive fixed funding allocations for 2013/14 and 2014/15 based on the levels of control totals agreed at the 2010 CSR. Additional police funding should continue to come from the Home Office.

Q26 – Do you agree this overall approach to funding the New Homes Bonus within the rates retention system?

As previously noted in other consultations we disagree with the New Homes Bonus scheme, it is taking funding away from areas of high deprivation to those who would have seen growth in the number of houses regardless of the incentives provided by the scheme.

Halton agree with the proposed mechanics to funding the New Homes Bonus grants within the rates retention system, we also agree that the surplus on New Homes funding should be redistributed back to local authorities in proportion to their baseline.

Q27 – What do you think the mechanism for refunding surplus funding to local government should be?

Halton agrees with the approach in the consultation that the New Homes Bonus should be redistributed to local government in proportion to their baseline funding.

Q28 – Do you agree that the current system of business rates reliefs should be maintained?

Halton agree that the current system of business rate relief should be maintained.

Q29 – Which approach to Tax Increment Financing do you prefer and why?

To ensure greater certainty and availability of funds to cover borrowings Halton prefers option 2, growth in revenue from TIF's should be protected even though this would be offset by a limit being imposed on the number of TIF's by Government.

Q30 – Which approach do you consider will enable local authorities and developers to take maximum advantage of Tax Increment Financing?

Whilst option 1 gives more opportunity for organisations to take up the opportunity of TIF's it places a risk and uncertainty on authorities and developers not having the revenue available to service future borrowings. Whilst option 2 limits the number of TIF's available it does provide certainty.

Q31 – Would the risks to revenues from the levy and reset in option 1 limit the appetite for authorities to securitise growth revenues?

Agree, option 1 does limit the incentive effect.

Q32 – Do you agree that pooling could mitigate this risk?

Pooling could mitigate the risk but any TIF scheme an authority would enter into would need the backing of all pool members. It would also limit the number of TIF's a pool could enter into to reduce the risk further.

Q33 – Do you agree that central government would need to limit the number of projects in option 2? How best might this work in practice?

We agree that central government would need to limit the number of projects in option 2 and this would be achieved by having rigorous controls around applications.

Establishing The Baseline – Technical Paper 1

TP1 Q1 – Do you agree with the proposed approach to calculating the amount of business rates to be set aside to fund other grants to local government? If not, what alternative do you suggest and why?

We disagree with the approach to calculating the amount of business rates to be set aside, the set aside amount should be applied to each authority's baseline and grants to local government should continue to be funded centrally.

It appears there is a proposal to break the current principle, within the local government funding system, that all forecast business rate income should ultimately be paid over to local government. There is concern that increased Business Rates funding which local authorities have contributed so many resources to over a number of years are being used to fund other government department grants as opposed to being fed directly back into local government.

What consideration has been given to a scenario of Business Rates nationally dropping below the estimated amount in the consultation? How is it suggested that other grants to local government are funded under this scenario.

TP1 Q2 – Do you agree with the proposed approach for making an adjustment to fund New Homes Bonus Payments, and for returning any surplus to local authorities in proportion to their base line funding levels?

As previously noted in other consultations we disagree with the New Homes Bonus scheme, it is taking funding away from areas of high deprivation to those who would have seen growth in the number of houses regardless of the incentives provided by the scheme.

It appears that the adjustment is the fairest and most transparent way to distribute the New Homes Bonus Surplus, although this is dependent on the baseline funding levels being set after applying damping.

TP1 Q3: Do you agree with the proposed approach for making an adjustment in the event of any functions being transferred to or from local authorities?

We do not agree with the proposed approach for funding local authorities through the set aside amount. As per question 1 the set aside should be added to the baseline and any transferred functions should be introduced in line with the new burdens principle. The net additional cost of functions placed on local authorities by central government must be assessed and fully and properly funded.

We agree that funding for new functions are provided as a section 31 grant between resets.

TP1 Q4: Do you agree with the proposed approach for making an adjustment to fund police authorities, and potentially also single purpose fire and rescue authorities?

Agree

TP1 Q5: Do you agree with the proposed approach for ensuring that no authority loses out in 2013-14 as a result of managing the business rates retention system within the 2014-15 expenditure control total?

Halton agrees that no authority should lose out in 2013-14; this will aid financial planning and ensure consistency.

TP1 Q6: Do you agree that we should use 2012-13 formula grant after floor damping as the basis for establishing authorities' baseline funding levels? If not, why?

Yes, it is vital that baseline funding levels are set after floor damping to ensure authorities will be no worse off under the new system than they would have been under the old system. Technical Paper 1 highlights "the government intends to establish a fair starting point" disregarding floor damping would mean that floor authorities would be at a disadvantage.

**TP1 Q7: Do you agree that we should use 2012-13 allocations as the base position for floor damping in calculating the 2013-14 formula grant equivalent; and use the 2013-14 formula grant equivalent as the base position for floor damping in calculating individual authority's
baseline funding levels?**

Yes, this would ensure stability in an authority's resources from one year to the next.

TP1 Q8: If not, which years should be used as the base position for floor damping in each of these calculations, and why?

Not Applicable

TP1 Q9: If option one is implemented, do you agree that we should reduce the formula grant for each tier of services according to its Spending Review profile?

Agreed.

TP1 Q10: If so, do you agree with the proposed methodology for splitting formula grant between the service tiers for those authorities that have responsibility for more than one tier of service, as described in annex B?

Halton is a unitary authority and therefore has no comment.

TP1 Q11: If option two is implemented, do you think we should update none, some or all of the data sets used in the formula grant calculations? If you think some should be updated, which ones, and why?

Halton is not supportive of option 2 as we suggest that it will remove stability and places further uncertainty on financial planning

If option 2 was to be implemented then we suggest all the data sets are updated.

TP1 Q12: If option two is implemented, do you think we should review the formulae for none, some or all of the grants rolled in using tailored distributions? If you think the formulae should be reviewed for some of these grants, which ones, and why?

Halton is not supportive of option 2 as we suggest that it will remove stability and places further uncertainty on financial planning

If option 2 was to be implemented then we suggest that the formula should be reviewed for all of the grants.

TP1 Q13: If option two is implemented, do you think we should review the relative needs formula for concessionary travel?

Halton is not supportive of option 2 as we suggest that it will remove stability and places further uncertainty on financial planning. We do not agree that the relative needs formula for concessionary travel should be reviewed.

TP1 Q14: Do you think we should review any of the other relative needs formulae? If so, which ones and why?

Halton is not supportive of relative needs formulae being reviewed at this time as we suggest that it will remove stability and places further uncertainty on financial planning

TP1 Q15: If option two is implemented, do you think we should alter the balance between service demands and resources; and if so, how?

Halton is not supportive of option 2 as we suggest that it will remove stability and places further uncertainty on financial planning. If the balance between service demands and resources was amended we would ask for the relative needs percentage to be increased to offer protection to those authorities with greater needs on their services.

TP1 Q16: Do you agree with the proposed approach for establishing guaranteed levels of funding for police authorities, and potentially also single purpose fire and rescue authorities, in 2013-14 and 2014-15?

Agree, as an interim measure.

TP1 Q17: Do you agree with the proposed approach for funding new burdens within the business rates retention scheme? If not, why?

We agree with the approach to fund new burdens as per the new burdens principle. There is a requirement on central government to assess and fully fund new burdens.

TP1 Q18: Do you agree with the proposed approach for dealing with boundary changes and mergers? If not, what alternative would you propose, and why?

Halton agrees with the approach for boundary changes, boundary changes and mergers should have no bearing on the funding of an authority that is not included in the changes.

TP1 Q19: Do you agree with the proposals on the future of Revenue Support Grant?

Halton agrees with the proposals on the future of the Revenue Support Grant, it is pleasing to note that any funding would continue to be allocated without the imposition of conditions.

Measuring Business Rates – Technical Paper 2

TP2 Q1: In the absence of billing authority estimates for 2013-14 and 2014-15, do you agree with the Government's proposals for setting the forecast national business rates?

Halton agrees with the proposal for forecasting the 2013/14 and 2014/15 national business rates based on an actual national non–domestic multiplier for 2013/14 and an estimated non-domestic multiplier for 2014/15.

If actual rate income is less in 2013/14 than estimated and there is a shortfall in retained income for authorities which cannot be covered by a levy fund how will the government address this? Will the shortfall come from central government?

TP2 Q2: Do you agree with the proposed basis on which proportionate shares would be calculated?

We agree that the proportionate share should be expressed as a percentage of individual authority business rates compared to the national aggregate.

TP2 Q3: Which of the options – "spot", or "average" – do you believe would be the fairest?

The fairest method for calculating proportionate shares would be based on the average option; we suggest that this should be over three years which would erode any one off discrepancies which could be evident in the spot option.

TP2 Q4: Do you agree with the allowable deductions the Government proposes to make to each billing authority's business rates yield, to reflect differences in the local costs of items such as reliefs, in establishing proportionate shares?

Agree.

Non Billing Authorities – Technical Paper 3

TP3 Q1: Of the two options outlined for determining a county council's share of a billing authority business rates baseline (pre-tier split), which do you prefer?

Halton is a unitary authority and therefore has no comment.

TP3 Q2: Do you agree that police authorities should receive fixed funding allocations in 2013-14 and 2014-15 through an adjustment to the forecast national business rates?

Agree, as a short term measure for 2013/14 and 2014/15.

TP3 Q3: Do you agree that the services provided by county fire and rescue authorities should be funded through a percentage share of each district council's billing authority business rates baselines (pre-tier split), subject to any tariff or top up required to bring them to their baseline funding level?

Halton is a unitary authority and therefore has no comment.

TP3 Q4: Do you think that single purpose fire and rescue authorities should be funded:
a. through a percentage share of each district council's billing authority business rates baselines (pre-tier split), subject to any tariff or top up required to bring them to their baseline funding level; or
b. through fixed funding allocations for 2013-14 and 2014-15, through an adjustment to the forecast national business rates?

As per question 2.

Business Rates Administration – Technical Paper 4

TP4 Q1: Do you agree with the proposed approach for administering billing authorities' payments to central government?

Agree.

TP4 Q2: Do you agree with the proposed approach for administering billing authorities' payments to non-billing authorities?

Halton is a unitary authority and therefore has no comment.

TP4 Q3: Do you agree with the proposals for year end reconciliation?

Agree.

TP4 Q4: Do you agree with there should be a process for amending payments to non-billing authorities to reflect in-year changes, similar to the current NNDR2 returns?

Halton is a unitary authority and therefore has no comment.

TP4 Q5: If there is a process for amending payment schedules, do you think changes should be possible at fixed points throughout the year? How frequently should changes be possible?

Halton is a unitary authority and therefore has no comment.

TP4 Q6: Alternatively, do you think changes should only be possible if triggered by significant changes in business rates forecasts? What do you think should constitute a significant change?

Halton is a unitary authority and therefore has no comment.

TP4 Q7: Do you agree with the proposed approach for administering payments to and from non-billing authorities?

Halton is a unitary authority and therefore has no comment.

TP4 Q8: Do you agree with the proposed approach for establishing liability for the levy and eligibility for support from the safety net on the basis of an authority's pre-levy business rates income?

Agreed, levy would need to be agreed immediately following year end to ensure accrual was included in year end accounts.

<u>Tariff, Top Up and Levy Options – Technical Paper 5</u>

TP5 Q1: Should tariffs and top ups be index-linked, or should they be fixed in cash terms?

Halton is of the opinion that tariffs and top ups should be index linked. If there was a zero change in our taxbase we would expect the level of funding to grow by at least by RPI. If top ups were fixed in cash terms it would result in top up authorities facing a shortfall in funding.

There is clearly an unfair advantage to tariff authorities if tariffs and top ups are fixed in cash terms, they will see annual increases in their retained income even if their tax base was to stand still.

Evidence suggests that there is a link between deprivation and the ability to generate NNDR. There is concern that areas of higher deprivation will suffer if top-ups are fixed in cash terms.

TP5 Q2: Do you agree that a pool's tariff, or top up, should be the aggregate of the tariffs and top ups of its members?

Agree, a pool's tariff/top up should be the aggregate of the tariff/top ups of its members. The risk/reward element should apply at all times to pools.

TP5 Q3: Do you agree that the levy should apply to change in pre-levy income measured against the authority's baseline funding level?

Agree, this would ensure a consistent approach

TP5 Q4: The main consultation document seeks views on which option for calculating the levy you prefer (flat rate, banded or proportional) and why. What are your views about the levy rate that should be applied if a flat rate levy is adopted?

Halton would favour a proportional levy, a flat rate levy does not take into account those authorities who have higher gearing levels and therefore they are at an advantage to those authorities with lower gearing. Halton is strictly opposed to flat rate levies as they take a too simplified approach; as a result we have no opinion on the flat rate which should be applied.

TP5 Q5: If a banded levy is adopted, should the bands be set on the basis of an authority's gearing, or on some other basis; how many bands should there be and what levy rates that should be applied to each band?

Halton would favour a proportional levy.

If adopted, banded levels should be set on an authority's gearing to take account of their ability to raise increased funds to a high Business rate taxbase. We would favour a high number of bands to reduce the risk of 'cliff edges'.

TP5 Q6: Under a proportional scheme, what is your view of the levy ratio that should be applied?

Halton suggest that a levy ratio of 0.75:1 is set as a maximum. A lower ratio would ensure that a greater levy pot would exist to fund the total cost of safety net payments. This would ensure that authorities with greater service needs are protected.

TP5 Q7: Do you agree that pools of authority should be set a lower levy rate, or more favourable levy ratio than would have been the case if worked out on the aggregate of the pool members levy?

Pools of authorities should share the risk and reward at all times, we see no reason why a pool should have more favourable levy options over single authorities.

TP5 Q8: Do you agree that safety net payments should be triggered by changes in an authority's retained income?

Agree, safety net payments should be triggered by a year on year reduction to an authority's retained income. The retained income should be inclusive of RPI increases to tariff and top ups.

**TP5 Q9: The main consultation document seeks views on whether there should be a safety net for annual changes in pre-levy income.
If so, what percentage change in annual income do you think that authorities could reasonably be expected to manage before the safety net kicked-in?**

A reduction in pre levy income of 10% is suggested in the consultation document , this is considered to be far too large a reduction for authorities to deal with in managing year on year budgets and as a result could have a significant impact on the delivery of services.

In assessing annual changes in pre levy income it is reasonable to expect the previous years figure to be uprated by RPI and the difference in years to be compared in real terms.

TP5 Q10: The main consultation document also seeks views on whether there should be a safety net against absolute falls in income below an authority's baseline funding levels. If so, at what percentage below baseline should the safety net kick-in?

Halton would like to see the safety net kick-in when income falls below the RPI adjusted baseline funding level regardless of the percentage. The safety net should fund the whole amount funding has dropped by; it should not be scaled back dependant on the size of the levy pot for that particular year.

TP5 Q11: Do you think that for the purposes of the baseline safety net, the baseline should be annually uprated by RPI, or not?

Agree, the baseline safety net should be annually uprated by RPI.

TP5 Q12: Do you think that the safety nets should provide an absolute guarantee of support, or should financial assistance be scaled back if there is insufficient funding in the levy pot?

Safety nets should be an absolute guarantee of support. Scaling back dependant on funding in the levy pot would provide inconsistencies over a number of years eg an authority may be fully protected in year x but come year y when there are a greater number of authorities requiring protection a neighbouring authority may only be protected to a scale of 50%. There needs to be fairness and equality throughout the system.

TP5 Q13: Should safety net support be paid in year, or after a year-end?

Halton would favour a process that allowed authorities to apply in year for a safety net payment.

TP5 Q14: Do you agree that pools should be treated as single bodies?

Pools should be treated as single bodies on an aggregate basis sharing the risk and reward at all times.

Volatility – Technical Paper 6

TP6 Q1: Do you agree that some financial assistance should be provided to authorities for the effects of volatility?

Agree, it is imperative that financial assistance is given to authorities who should suffer the effects of volatility.

TP6 Q2: Of the options set out in the paper, which would you prefer? Do you agree with the Government's analysis that a safety net, instead of an events-based, or application-based approach offers the best way of managing volatility?

Halton is in agreement that a safety net approach offers the best way of managing volatility. The other suggested methods for managing volatility appear to be subjective whilst the safety net offers a more transparent and fair solution.

Revaluation & Transition – Technical Paper 7

TP7 Q1: Do you agree that tariffs and top ups should be adjusted at a Revaluation to ensure that authorities' retained income is, so far as possible, unaffected by the impact of the revaluation?

Agree, as the system is built upon rewarding local authorities in increasing their Business Rate taxbase it would be harsh to penalise authorities if they were to suffer losses in their retained income through revaluations.

TP7 Q2: Do you agree that, having made an adjustment to tariffs and top ups, there should be no further adjustments to reflect subsequent appeals against the rating list?

Halton do not agree, it appears perverse that having protected authorities from initial revaluations there is no further protection from appeals to revaluations.

There is a suggestion in the consultation that appeals will be treated as part of the normal volatility on rating lists. It is unfair that there is protection from revaluations at the start of the process but not from appeals. Authorities could be in the position of losing true growth in business rate income due to circumstances beyond their control.

TP7 Q3: Do you agree that transitional relief should be taken outside the main business rates retention scheme?

Agree, transitional relief will create volatility in an authority's retained income from one year to the next. Taking the relief outside of the scheme should introduce a higher degree of consistency in the scheme and make it easier for local authorities to manage.

TP7 Q4: Do you agree with the Government's proposal for a system of transitional adjustments?

We agree with managing transitional relief through a series of adjustments whereby an authority would make a payment to government if they gained through transitional relief and vice versa.

TP7 Q5: Do you agree that any deficit on transitional adjustments should be charged to the levy pot?

Disagree, as transitional rate relief sits outside of the scheme, any deficit should be funded by the set aside amount as opposed to the levy which should be funding safety net payments.

<u>Renewable Energy – Technical Paper 8</u>

TP8 Q1: Do you agree that the generation of power from the renewable energy technologies listed above should qualify as renewable energy projects for the purposes of the business rates retention scheme?

Agree

TP8 Q2: Do you agree that establishing a baseline of business rate income from existing renewable energy projects against which growth can be measured is the most effective mechanism for capturing growth. If not, what alternative approach would you recommend and why?

Agree, this would be a practical way of measuring growth.

TP8 Q3: Do you agree with the proposal to define "renewable energy projects" using, as a basis, the definition in previous business rates statutory instruments?

Agree.

TP8 Q4: Do you agree with the proposal for identifying qualifying business rates income from new renewable energy technologies installed on existing properties?

Agree that the growth in Business Rates above RPI should be used on existing properties qualifying from new renewable energy technologies.

TP8 Q5: Do you agree with the proposal that the business rates income from Energy from Waste plants that qualify as being from a renewable energy project should be determined by the Valuation Office Agency apportioning the rateable value attributable to renewable energy generation? If not, what alternative would you propose, and why?

We agree that the split in valuation between a new renewable energy project and existing use should be agreed by the Valuation Office Agency.

TP8 Q6: Do you agree with the proposal that the billing authority should be responsible for determining which properties qualify as a renewable energy project?

Agree, there is the incentive effect upon the local authority to ensure that they are correctly recording business rate income from new renewable energy projects. Verification of the NNDR data would be required to ensure that they are correctly identified.

TP8 Q7: Do you agree that the revenues from renewable energy projects should be retained, in two tier areas, by the local planning authority, or do you consider that the lower tier authority should receive 80 per cent of the business rates revenue and the upper tier authority 20 per cent?

Halton is a unitary authority and therefore has no comment.

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