

**Eden District Council
Council**

10 May 2018

Key Decisions - Financial Threshold

Portfolio:	Leader
Report from:	Deputy Chief Executive
Wards:	All Wards
OPEN PUBLIC ITEM	

1 Purpose

- 1.1 To review the financial threshold for a 'Key Decision'.

2 Recommendation

Council is recommended to uplift the financial threshold for a 'Key Decision' from £50,000 to £60,000.

3 Report Details

- 3.1 Under the Council's Constitution a 'Key Decision' is one which is likely
- i) to result in the local authority incurring expenditure which is, or the making of savings which are, significant having regard to the local authority's budget for the service or function to which the decision relates; or
 - ii) to be significant in terms of its effects on communities living or working in an area comprising two or more wards or electoral divisions in the area of the local authority; and regard must be had to any guidance issued by the Secretary of State to determine the meaning of "significant".
- 3.2 A 'Key Decision' must be made by the Executive and cannot be made by a Portfolio Holder. Council is required in each year to consider the financial threshold for a key decision. Currently, the financial threshold for expenditure and savings is £50,000. The financial threshold relates to both capital and revenue items. A 'Key Decision' may meet either of the criteria.
- 3.3 The figure of £50,000 remains unchanged since the notion of a Key Decision was first introduced by Council at its AGM of May 2008 when new constitutional arrangements were made. The CPI index has increased by 25% since that date, so if the threshold were to be simply updated annually by CPI the appropriate figure for 2018/19 would be £62,950. It is usual practice amongst Local Authorities for Key Decision thresholds to be based on multiples of £10,000 and only adjusted periodically. It is therefore suggested that in order to set the threshold at a similar value taking into account inflation as was set in 2008, a threshold of £60,000 would be appropriate.

- 3.4 For comparison with other Cumbrian district authorities' Key Decision thresholds see Table 1 below. There is no clear pattern which emerges from this information. Barrow is not listed as it operates with a Committee system and has no provision for Key Decisions.

Table 1- Key Decision Thresholds for other Cumbrian districts

Authority	Key Decision Threshold (£)
Allerdale	£50,000
Carlisle	£70,000
Copeland	£50,000
South Lakeland	£100,000

4 Policy Framework

- 4.1 The Council has four corporate priorities which are:
- Decent Homes for All
 - Strong Economy, Rich Environment
 - Thriving Communities
 - Quality Council
- 4.2 This report meets Quality Council corporate priority.
- 4.3 The financial threshold for a Key Decision is contained in the Executive Procedure Rules which form part of the Constitution. The definition of a 'Key Decision' is set out in Article 12 (Decision Making) of the constitution.

5 Consultation

- 5.1 The Leader and Group Leaders and the Labour member have all been consulted upon the proposals within this report and no objections have been received. The Conservative Group Leader is content with the recommendations.

6 Implications

6.1 Financial and Resources

- 6.1.1 Any decision to reduce or increase resources or alternatively increase income must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-19 as agreed at Council on 17 September 2015.
- 6.1.2 The level of the threshold is part of the Council's overall financial management arrangements.
- 6.1.3 The current level was set with reference to the thresholds adopted by other councils at the time. It is considered that the level is in need of adjustment having regard to the effects of inflation.

6.2 Legal

- 6.2.1 The Council is obliged to consider and set the financial threshold in each year
- 6.2.2 The financial threshold is one of the criteria relating to a Key Decision. The other criterion relates to the effect which a decision may have upon communities living or working in more than one ward in the District. The financial threshold should be set at such a level which enables the Council's activities to be conducted at the appropriate level whether formally through the Executive or by an individual. The financial threshold is one of the checks and balances upon the Members of the Executive.
- 6.2.3 The Executive cannot, in general, make a Key Decision unless a Notice of Key Decision giving at least 28 clear days notice of the intention to make that decision. The Executive Procedure Rules do make exceptions to this in cases where the Chairman of the relevant Scrutiny committee is notified of the reasons why compliance with the rules is impracticable (General Exception) and in cases where the need for the decision to be made is urgent (Special Urgency). These rules are set out at paragraphs 7.2 to 7.4 of the Executive Procedure Rules (Part 4C of the constitution)).

6.3 Human Resources

- 6.3.1 There are no Human Resources implications arising out of the proposals within this report.

6.4 Statutory Considerations

Consideration:	Details of any implications and proposed measures to address:
Equality and Diversity	There are no equality and diversity issues arising from this report.
Health, Social Environmental and Economic Impact	The proposals within this report do not have any significant Health, Social, Environmental or Economic impacts. Any impacts will be positive arising from appropriate arrangements for Parish and Town Councils within the District.
Crime and Disorder	There are no crime and disorder issues arising from this report.
Children and Safeguarding	There are no issues affecting children arising from this report.

6.5 Risk Management

Risk	Consequence	Controls Required
That the threshold for Key Decisions is too low.	The Executive have to consider an inappropriately high number of reports, some of which should be dealt with by a Portfolio Holder.	Council to set an appropriate threshold.

Risk	Consequence	Controls Required
That the threshold for Key Decisions is too high.	Portfolio Holders have to consider an inappropriately high number of reports some of which should be dealt with by the Executive.	Council to set an appropriate threshold.

7 Other Options Considered

- 7.1 The other options are for Members to either keep the threshold at £50,000 or set some other threshold.

8 Reasons for the Decision/Recommendation

- 8.1 To enable Council to set a financial threshold which is appropriate having regard to the Council's size and functions.

Tracking Information

Governance Check	Date Considered
Chief Finance Officer (or Deputy)	30 April 2018
Monitoring Officer (or Deputy)	30 April 2018
Relevant Assistant Director	N/A

Background Papers: None

Appendices: None

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