

REPORT TO FULL COUNCIL

DATE	27th September 2023
PORTFOLIO	None
REPORT AUTHOR	CJ Walmsley/Carol Eddleston
TEL NO	01282 475973
EMAIL	democracy@burnley.gov.uk

REVIEW OF KEY DECISIONS DEFINITION AND LIMITS**PURPOSE**

- | | |
|----|---|
| 1. | To review the Borough Council's definition of Key Decisions and the associated financial thresholds of Key Decisions and Individual Member Decisions. |
|----|---|

RECOMMENDATION

- | | |
|----|---|
| 2. | <ol style="list-style-type: none"> 1. That the financial threshold for Key Decisions be raised to £125,000, in line with the Standing Orders for Contracts. 2. That the corresponding changes to the relevant parts of the Constitution outlined in Appendix 2 be approved. |
|----|---|

REASONS FOR RECOMMENDATION

- | | |
|----|---|
| 3. | The financial limit relating to what qualifies as a key decision was last reviewed by the Borough Council in 2016. It is important that it is periodically reviewed to ensure that it is not out of date and reflects the current economic climate. |
|----|---|

SUMMARY OF KEY POINTS

- | | |
|----|--|
| 4. | The Council's Constitution is a public document which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that it is efficient, transparent, and accountable to local people. Constitutions provide the foundations for any local authority that aspires to be effective, progressive, and successful, and therefore require regular review. |
| 5. | Following the constitutional amendment to the Standing Order for Contracts (SOC) approved at Full Council on 22 nd February 2023, a proposed increase to the Council's Key Decision threshold, from £100,000 to £125,000, in line with SOC, would recognise general price increase in the marketplace and inflation. |
| 6. | As a result of the proposed new key decision threshold, the financial limit for Individual Member Decisions would also be raised to up to £125,000. |
| 7. | A benchmarking exercise of Lancashire Authorities has been undertaken which provides information on current definition/limits and review dates where available and is appended to this report at Appendix 1. |

8.	Council officers who take Executive decisions under delegated authority already do so in compliance with the requirements of the Executive Procedure Rules set out in Part 4 of the Constitution and it is considered that clarifying this in the relevant sections of the Constitution will provide even greater confidence and transparency in the authority's decision making processes.
----	---

FINANCIAL IMPLICATIONS AND BUDGET PROVISION	
8.	None arising directly from this report.

POLICY IMPLICATIONS	
9.	As set out in the report.

DETAILS OF CONSULTATION	
10.	Member Structures & Support Working Group.

BACKGROUND PAPERS	
11.	None.

FURTHER INFORMATION PLEASE CONTACT: CJ Walmsley/Carol Eddleston	
--	--

Appendix 1 - Notice of key decisions benchmarking table

Name of Local Authority	Type of Local Authority	Key decision definition/limit	Date definition last reviewed
Blackburn with Darwen Borough Council	Unitary	<p>The law says that a "key decision" means an Executive decision which, is likely – (a) 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 (b) 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.</p> <p>Decision makers will have regard to Guidance issued by the Secretary of State and Guidance approved by Full Council which set out in Part 5 of this Constitution when determining whether or not a proposed decision should be regarded as a key decision. A decision maker may only make a key decision in accordance with the requirements of the Executive Board Procedure Rules set out in Part 4 (Section 4) of this Constitution.</p> <p>Key Decision Threshold >£250,000</p>	
Blackpool Borough Council	Unitary	<p>An Executive decision will be a key decision if it comes within any of the following categories:</p> <p>a) It involves expenditure or savings (including receipt of or loss of income) of £250,000 or over in relation to the budget for the service or function to which it relates, but excludes any decision:</p> <ul style="list-style-type: none"> · taken as a consequence of the Council's Treasury Management Strategy for the current financial year · taken as a direct consequence of an earlier key decision · involving the purchase of property or land unless the amount is £500,000 or over and only then if it is at market valuation · involving the grant of loans, including those under the Blackpool Investment Fund, unless the amount is £500,000 or over · identified within the Council's agreed budget for the current financial year where there is a clear intention of the decision to be taken. 	Feb 2021

		<p>b) It is likely to have a significant positive or negative impact on the people living or working in an area comprising two or more wards.</p> <p>c) It makes recommendations on the Council's Policy and Budget Frameworks.</p> <p>d) If the decision is to approve a 'plan or strategy', reserved for Executive approval only, as set out in the constitution.</p>	
Burnley Borough Council	District	<p>Key decisions</p> <p>(i) Key decision means an Executive decision which is likely:</p> <p>(a) to result in the local authority incurring expenditure which is, or the making of savings which are, significant i.e £100,000 having regard to the local authority's budget for the service or function to which the decision relates; or</p> <p>(b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Borough</p> <p>(ii) A decision taker may only make a decision in accordance with the requirements of the Executive Procedure Rules set out in Part 4 of this Constitution.</p>	2016
Chorley Borough Council	District	<p>A key decision means a decision that is likely: (a) to result in the Council 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 (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the Borough.</p> <p>A key decision means :</p> <p>Any executive decision (as opposed to a regulatory decision) which is likely to result in the Council incurring significant expenditure or the making of savings where there is: (a) A change in service provision that impacts upon the service revenue budget by £100,000 or more, or (b) A contract worth £100,000 or more, or (c) A new or unprogrammed capital scheme of £100,000 or more, or</p> <p>Any executive decision which will have a significant impact in environmental, physical, social or economic terms on communities living or working in two or more electoral wards-this includes any plans or strategies which are not included within the meaning of the Council's</p>	

		Policy Framework set out in Article 4 of the Council's Constitution to be significant in terms of its effects on communities living or working in an area comprising two or more Wards in the Borough.	
Hyndburn Borough Council	District	A key decision is one which: (i) results in the Council incurring expenditure which is, or making savings which are, significant having regard to the Council's budget for the service or the function to which it relates (and currently significant expenditure is taken to be revenue expenditure over £150 000 and capital expenditure over £200 000); or (ii) is likely to be significant in terms of its effect on communities in two or more wards of the Council.	
Lancashire County Council	County	(1) A key decision means an executive decision which is likely: (a) to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function which the decision relates; or (b) to be significant in terms of its effects on communities living or working in an area comprising two or more electoral divisions in the area of the council. For the purposes of paragraph (1) (a), the threshold for "significant" is £2M.	
Lancaster City Council	District	Executive decisions usually involving expenditure of over £250,000 by the Leader, Cabinet, or a Cabinet member and affecting two or more Wards	
Pendle Borough Council	District	A Key Decision is defined as an executive decision which is likely to result in significant expenditure/saving where there is: <ul style="list-style-type: none"> • a virement of £100,000 or more; or • a change in service provision that impacts upon the service revenue budget by £100,000 or more, or • a contract worth £100,000 or more; or • a new or unprogrammed capital scheme of £100,000 or more; or • those which will have significant effects on communities living or working in two or more wards through a material positive or negative impact in environmental, physical, social or economic terms. 	
Preston City Council	District	(i) Any capital or revenue budget decision (contract or scheme approval) in excess of £100,000 and/or (ii) Any decision which is likely to have a significant positive or negative impact (e.g. in environmental, physical, social or economic terms including the discontinuance of any service) on the people living or working in communities in two or more wards except	

		that matters will not be key decisions simply because that work would be carried out in two or more wards e.g following the approval of a Council wide programme of work.	
Rossendale Borough Council	District	<p>The whole Constitution has been reviewed recently; however no changes were made to the key decisions:</p> <p>1. A “key decision” means an executive decision which is likely:</p> <p>a) to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the budget for the service or function to which the decision relates, or</p> <p>b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the borough.</p> <p>2. For the avoidance of doubt, the Council would regard any of the following as “significant”:</p> <ul style="list-style-type: none"> · Any decision by the Cabinet in the course of developing proposals to the full Council to amend the policy framework. · Any single item of in-budget expenditure or savings in excess of £100,000. · Any decision which is likely to have a permanent or long term (more than five years) effect on the Council and the borough. 	2022
Ribble Valley Borough Council	District	Committee System, therefore, no key decision limits.	
South Ribble Borough Council	District	A key decision is defined as any decision relating to a Cabinet function which is either: (a) Significant in terms of expenditure or savings. The financial threshold above which a matter becomes “significant” has been set at £ 100,000 and this figure is applicable to both revenue and capital budgets OR (b) Significant in terms of its effect on the communities living in an area comprising two or more Council wards. Significant in this context means important or far reaching.	
Wyre Borough Council	District	A key decision means an Executive decision which is likely: (a) 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 (b) to be significant in terms of its effects on communities living or working in an area comprising two or more wards in the area of the local authority.	Approx 2017

		The sum of £100,000 has been agreed as the definition of “significant” for the purpose of paragraph (a).	
West Lancashire Borough Council	District	Key decisions. (i) These are: decisions in relation to a Cabinet function which results in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Councils budget for the service or function to which the decision relates; or decisions, which are significant in terms of its effects on communities living or working in an area comprising two or more wards of the Council; or proposals by the Cabinet to amend the policy framework; or amendment by the Cabinet of any aspect of the policy framework. N.B. The Council has decided the limit above which items are significant is £100,000 (ii) A decision taker may only make a key decision in accordance with the requirements of the Cabinet Procedure Rules set out in Part 4 of this Constitution.	