

Report to the Council

Committee: Cabinet

Date: 19 May 2005

Portfolio Holder: Councillor S Barnes

Item: 12 (b)

1. KEY DECISIONS - DEFINITION

Recommending:

That the following revised definitions for key decisions be agreed:

"An executive decision which is likely:

(a) to result in the 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;

(b) a significant decision under (a) above shall be defined as follows:

(i) any decision within budget and policy which involves expenditure or savings of £250,000 or over;

(ii) any decision not within budget and policy which involves expenditure or savings of £100,000 or over in the current Council year;

(iii) a decision which raises new issues of policy;

(iv) a decision which increases financial commitments (i.e. revenue and/or capital) in future years over and above existing budgetary approval;

(c) to be significant in terms of its effect on communities living or working in an area comprising two or more wards or electoral divisions in the area of the Local Authority; and

(d) that a significant decision under (c) above shall be defined as follows:

(i) comprises and includes the publication of draft or final schemes which may require either directly or in relation to objections to the approval of a Government Minister;

(ii) involves the passage of local legislation;

(iii) affects two or more wards and is one which would have a discernable effect on the quantity or quality of services provided to people living or working in that area;

- (e) any definition of a key decision shall exclude borrowing or lending decisions by the Head of Finance under delegated authority;**
 - (f) further requirements regarding key decisions shall be:**
 - (i) key decisions may not be made by Heads of Service;**
 - (ii) key decisions under (b)(i) above shall be made by the Cabinet if they involve amounts of £1m or more;**
 - (iii) key decisions under (b)(i) if between £250,000 and up to £1m may be made by the appropriate Portfolio Holder; and**
 - (iv) Portfolio Holders may only make decisions under (c) above on matters affecting their own wards if recommended by Head of Service or as one of a range of options recommended by a Head of Service".**
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- 1.1 Key decisions were introduced by the Local Government Act 2000. A key decision is a decision on an executive function which must appear on a public list (known as the Forward Plan) giving details of the decision itself, who will make the decision, when it will be made, what information will be used on which to base the decision and how interested members of the public may make representations about that decision in advance. A Forward Plan must be published for a period of four months ahead and is updated monthly. Any key decision may not be made unless it is included in the Forward Plan.
- 1.2 Key decisions relate only to executive functions. They are decisions of significance that the public should be aware of in advance. Key decisions may apply to decisions of the Cabinet, a Cabinet Committee, a Portfolio Holder or an officer. In the case of a Portfolio Holder or officer, this must be in accordance with existing delegated authority.
- 1.3 The definition of what constitutes a key decision is laid down in Government Regulations.
- 1.4 The recent review of Overview and Scrutiny raised the importance of the key decision list in assisting Overview and Scrutiny to determine its work programme for any year. It was acknowledged that there would be occasions when a forthcoming key decision might be of interest to Overview and Scrutiny who might wish to devote member time to examine the issue. However, the feeling was that the definitions of key decisions currently in use reduced the key decision list to very few items.
- 1.5 Consideration has been given to making changes to the Key Decision/Forward Plan process to make the list more meaningful to the public. These include changing the financial definitions. The limit of £500,000 for items within policy/budget is high compared with other councils and there is a case for reducing this limit to £250,000. It is further suggested that those between £250,000 and £1m in value should be dealt with at Portfolio Holder level. Those in excess of £1m would still be referred to the Cabinet. In addition some minor changes are being proposed to clarify the financial definitions. These changes to the financial limits should make the Forward Plan more meaningful to members and the public as it will require more key decisions to be recorded. Restricting Cabinet decisions to those of £1m or more will control the length of Cabinet agenda.

- 1.6 Heads of Service are unable to make key decisions. In February 2003, the Council decided to allow key decisions to be made by Portfolio Holders but some key decisions are matters that normally require Council approval, the changes now proposed resolve this anomaly.
- 1.7 A re-definition of key decisions has been raised as part of the Overview and Scrutiny Review and agreed as a principle by the Council. The proposed reduction in the financial threshold for key decisions will have the effect of including a greater number of key decisions on the Forward Programme and allowing more Portfolio Holder decisions. The other changes to the definitions of key decisions are designed to clarify wording and remove some existing anomalies in relation to matters requiring Council approval.

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