

PLYMOUTH CITY COUNCIL

Subject:	Key decision – financial threshold for savings
Committee:	City Council
Date:	24 November 2014
Cabinet Member:	Councillor Peter Smith
CMT Member:	Giles Perritt (Assistant Chief Executive)
Author:	Judith Shore, Democratic and Member Support Manager
Contact details	Tel: 01752 304494 Email: judith.shore@plymouth.gov.uk
Key Decision:	No
Part:	I

Purpose of the report:

The purpose of this report is to consider a revision to the key decision threshold, from £500,000 to £1 million in relation to savings.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

Plymouth City Council aspires to be a co-operative council - a key part of this is being open, transparent and accountable for decisions.

Implications for Medium Term Financial Plan and Resource Implications: Including finance, human, IT and land

No implications.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management

No implications.

Equality and Diversity

No implications.

Recommendations and Reasons for recommended action:

1. Increase the key decision threshold in relation to savings from £500,000 to £1 million (unless the saving has a material impact upon service provision such as a significant change or a cessation of service delivery and associated staff redundancies or a significant impact on customers).
2. Amend the Council's constitution accordingly.

Reasons

Increased efficiency with regard to decision making about savings.

Alternative options considered and rejected:

No revision to the financial threshold.

Published work / information:

Leader's [scheme of delegation](#)
[Executive Arrangements Regulations 2012](#)

Background papers

Advice from Bevan Brittan Solicitors

Sign off:

Fin	mc14 15.10	Leg	21682 /DVS	MO	21682 /DVS	HR		Assets		IT		Strat Proc	
Originating SMT Member: Giles Perritt, Assistant Chief Executive													
Has the Cabinet Member agreed the contents of the report? Yes													

1. Introduction

- 1.1 It is proposed to revise the key decision threshold in relation to savings, in order to increase decision making efficiency with regard to such decisions.

2. Background

- 2.1 The statutory definition of a key decision in Part 3 Para 8 (1) (a) The Local Authorities (Executive Arrangements) (Meetings and Access to information) (England) Regulations 2012) is, 'An executive decision which is likely 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 function to which the decision relates.'
- 2.2 To date, no further Regulations or guidance have been issued by the Secretary of State under Para 8 (2) which mandates what is meant by significant expenditure/savings.
- 2.3 Accordingly, the thresholds for local authorities vary according to the size of budget – what would be significant for a small district council would not be appropriate for a large metropolitan or unitary council.
- 2.4 This Council has set the key decision financial threshold for many years as £2 million for the award of contracts and £500,000 for all other matters.
- 2.5 Bevan Brittan Solicitors confirm there is no reason why the Council cannot adopt a different financial thresholds for key decisions about expenditure and savings especially given the current very challenging financial climate where the Council (in line with many other local authorities) has embarked upon a transformational programme to deliver savings over the next 3 years of £35 million.

3. Constitutional Review Group

- 3.1 Members considered that increasing the savings threshold to £1m before a decision was 'key' would be reasonable, provided that exceptions such as those decisions which had a material impact (such as radically affecting service delivery, the cessation of service delivery and associated staff redundancies or significantly impacting on customers) were still treated as key decisions.
- 3.2 It was confirmed that the expenditure threshold will not change (£2 million for the award of contracts and £500,000 for all other matters).
- 3.3 There will be no change to the publication of decisions or the option for call-in. However, savings greater than £1 million will be required before the decision is treated as 'key'.

4. Cabinet members and Co-operative Scrutiny Board Chair

- 4.1 The proposal has been considered by the cross party Constitutional Review Group, Cabinet members and the Chair of the Co-operative Scrutiny Board.
- 4.2 All Members are in agreement that the current threshold for savings (£500,000) should increase to £1 million.

5. Proposed changes

Existing and proposed wording for key decisions:

Existing

- take decisions that would result in the council spending or saving or raising/reducing annual income by more than £500,000 (or more than £2,000,000 if that is the total cost of a contract award)
or
- take decisions that would have a significant impact on communities living or working in two or more wards.

Proposed

- take decisions that would result in the council spending or raising annual income by more than £500,000 (or more than £2,000,000 if that is the total cost of a contract award)
or
- result in the council saving more than £1,000,000 (unless the saving has a material impact upon service provision such as a significant change or a cessation of service delivery and associated staff redundancies or a significant impact on customers).
or
- have a significant impact on communities living or working in two or more wards