

Quality Assurance/ External Peer Review (*QA Review*) on the further work by the Independent Financial Consultants (IFC's) on the "new" submissions on a possible 2-Unitary Pattern B for Greater Norwich and a Remainder Norfolk

1. Introduction

- 1.1 This follow up *QA Review* was commissioned by the Boundary Committee to comment on the further work carried out by the Independent Financial Consultants (IFC's) on the "new" submissions by Norwich City Council on a "doughnut" 2-Unitary Pattern B for Norfolk consisting of a Greater Norwich and a Remainder Norfolk, with and without Lowestoft.
- 1.2 These new submissions were first raised by Norwich City Council on 9 January 2009 and presented in accordance with the workbook and supporting information on 25 February 2009. As with my report in January 2009, this *QA Review* has not tried to adjudicate between differences in view from different council interests or to 2nd guess the Independent Financial Consultants (IFC's).
- 1.3 This follow up *QA Review* included a detailed review of the new submission, the IFC's report and a challenge meeting with the IFC's on their submitted report and conclusions.
- 1.4 The new submissions by Norwich City Council represent a fundamental shift in the approach it has taken from its original one submitted in September 2008. In this further *QA Review*, I was keen to establish to what extent the IFC's conducted their work to assess the new Norwich submission with as fresh a mind as far as possible and how they ensured their judgments remained objective and soundly based upon the evidence available and as consistent with the previous assessment methodology and approach as far as was practicable.

2. Key elements

- 2.1 Two of the original independent financial consultants have been retained by the Boundary Committee. This has been helpful to try to ensure that the new submissions has been evaluated on the same basis as all of the previous other submissions. The inclusion of Norfolk County Council and the other constituent councils has been an important part of the process not only to ensure consistency of the thoroughness as before but also to bring essential cross checking and transparency. Although the

timescales for responses has necessarily been very tight, this has been broadly achieved. This has been the case notwithstanding further delays. In receiving replies to key questions, in receiving the revised workbooks and in the date of the consultation meeting.

- 2.2 The IFC's helped the process by setting out key issues and questions to be answered, copied to Norfolk County for comment. It is encouraging that the IFC's, in spite of the severe time constraints, were able to work closely with Norwich and that a conference call was arranged involving not just representatives from Norwich City Council but representatives from Norfolk County as well. Final questions and answers were copied to all the constituent councils by Norwich City Council.
- 2.3 On the downside, there are significant gaps in the back-up evidence supporting the new submissions by Norwich. In particular, these relate to the external expertise and advice commissioned by Norwich:
- (i) From Deloitte's, on the integrity of the business case;
 - (ii) The basis of increased savings from Business Process Engineering; and
 - (iii) The potential contract novation arising from reducing the contract with their PFI provider Steria back to a traditional ICT support service.
- The IFC's have tried to work around these gaps and have set out their assumptions and concerns on each of these elements to enable the Boundary Committee to form their own view.
- 2.3 Additionally, the IFC's found that their own risk matrix was not sufficient to cover the real risks identified relating to the "aggregate" approach, the difficulty of not having a sponsor for the Norfolk Remainder element and the apparent lack of co-operation between Norwich and the County especially concerning the shared services agenda. There was a real concern on possible delays in getting agreement between what will be separate entities who will decide whether or not to proceed with a shared agenda once they have been formed and that did not seem to have factored in this risk in their business case. In fact, the IFC's have highlighted their concern on the reduced level of risk as indicated by the reduced balances cover felt necessary by the statutory S151 Officer, notwithstanding the potentially higher risks associated with the new approach and the uncertainties relating to any local government re-organisation. Again, the IFC's have tried to set out their concerns in a separate section in their report in some detail and have highlighted this in their explicit conclusions to the Boundary Committee.
- 2.4 It was also useful that the IFC's highlighted (in a shaded light blue) the main changes from their 20 January 2009 report for additional clarity and have provided full background papers in a separate document.

3. Conclusions

- 3.1 The very tight timetable to assess the risk of the new Norwich submissions (with a fundamentally different approach to their original 2008 submission) has created some real challenges for the IFC's to come to their conclusions and recommendations to the Boundary Committee.
- 3.2 However, the IFC's have been able to broadly adhere to their previous robust process. They have tried to address gaps through more direct engagement with the two principal councils concerned (Norwich City and Norfolk County) and have set out clearly their assumptions and concerns in the report to the Boundary Committee.
- 3.3 This *QA Review* is satisfied that the conclusions drawn up by the IFC's on Norwich City Council's "new" submissions on the 2-Unitary options for Norfolk are robust and soundly based.
- 3.4 This *QA Review* concludes that the Boundary Committee can rely upon the conclusions from the Independent Financial Consultants on the Norwich City Council new submissions for a Greater Norwich and the Norfolk Remainder in making their recommendations to the Secretary of State for Communities and Local Government.

Dr Eric Fisher, BA, MA, PhD, CPFA

13 March 2009