

Local Government Reorganisation in Dorset

Credibility of Financial Analysis

The following is from two members of West Christchurch Residents Association committee, David Barnett our Treasurer and myself, who worked for many years in the City of London:

We have been looking at the proposed financial analysis required to underpin the Local Government Reorganisation in Dorset and in particular Appendix 4 "*Summary of Local Partnerships' method statement*". Based upon the considerable experience of mergers and acquisitions that we gained before we retired we are concerned at the brevity of this timetable *and thus the effect that is likely to have upon the credibility of the final results.*

Level of Complexity

At outset we are dealing here with 9 independent but inter-related entities - a complex scenario by any standard. It means that in the time available investigating officers will be able to do little more than a desktop evaluation and they are notorious for producing questionable results. There is an underlying assumption here of full and open cooperation from all 9 bodies and at outset we aren't sure quite how realistic that is. Have Weymouth and Portland for example suddenly lost all their previously voiced reservations?

Two complex situations illustrate the inherent difficulties.

Bournemouth is a large operation that subcontracts parts of its administration out to an engineering company, a not altogether happy arrangement by some accounts. Getting to grips with that to bring data onto a comparable footing with DCC will not be easy. Further, in the recent past Bournemouth has seen 3 accountants leave suddenly and in unexplained circumstances. Whatever the reasons for that are we suspect they will not make our investigators' task any easier.

There are a number of pan-Dorset operations that some or all of the 9 buy into. Deciding how to factor contingent costs depending upon ultimate usage of these services could prove to be a nightmare.

Set Up and Conversion Methodology and Costs

Establishing the set-up cost of any new infrastructure and the one-off costs of conversion for each council will be highly reliant upon the perceived ultimate business model and the chosen order and process of conversion. The classic chicken and egg conundrum that so often occurs in these exercises and leads to iteration of the calculations as assumptions are modified.

Recommendations

None of these issues are impossible to deal with given enough time and goodwill on all 9 sides but squeezing them into too tight a timetable is at best unhelpful.

For these reasons it is we think imperative that the final report gives (1) a very full description and analysis of all assumptions made (not just what the authors consider key and certainly covering set-up and conversion costs), (2) the methods used to obtain base data and (3) a commentary upon the level of cooperation experienced throughout the exercise.

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