



Solutions for government

Forde House
Newton Abbot

E-mail:

2 January 2020

STRATA - JOINT SCRUTINY COMMITTEE
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Dear Councillor

You are invited to a meeting of the above Committee which will take place on **Monday, 13th January, 2020** in the **Council Chamber - FH** at **4.00 pm**

Yours sincerely

Phil Shears
Managing Director

Distribution:

- | | |
|---|------------------------------|
| (1) The Members of the Strata - Joint Scrutiny Committee: | |
| Councillor Phil Twiss
(Chairman) | East Devon District Council |
| Councillor Yvonne Atkinson | Exeter City Council |
| Councillor Chris Clarence | Teignbridge District Council |
| Councillor Rachel Lyons | Exeter City Council |
| Councillor Paul Millar | East Devon District Council |
| Councillor Charles Nuttall | Teignbridge District Council |
| Councillor Andrew Swain | Teignbridge District Council |
| Councillor Eleanor Rylance | East Devon District Council |
| vacancy | vacancy |

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- (1) All other Members of the Council
- (2) Representatives of the Press
- (3) Requesting Town and Parish Councils

If Councillors have any questions relating to predetermination or interests in items on this Agenda, please contact the Monitoring Officer in advance of the meeting

A G E N D A

Part I

8. Strata Finance Report (to follow) (Pages 5 - 10)

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**STRATA JOINT SCRUTINY COMMITTEE
STRATA JOINT EXECUTIVE COMMITTEE**

DATE OF MEETING: 13 JANUARY 2020
27 JANUARY 2020

PUBLICATION DATE: 9 JANUARY 2020

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING NOVEMBER - 2019/20

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of November 2019.

2. BACKGROUND

- 2.1 The Company has been given a total of £6.097 million to run the IT Services in 2019/20 along with funding for various capital projects. The Company also maintains an account for additional purchases throughout the year, which is invoiced to each Council based on actual purchases made.

3. MAIN IMPLICATIONS

Strata Budget Monitoring to 30 November 2019

3.1 Savings as per Business Plan

The 2018-19 Business Plan has revised the savings profile set out in the original Business Case over the initial ten year period of the Company. The savings were split into cashable revenue savings and savings to the Councils from not having to implement specific capital projects individually. Although the Business Plan has not been fully agreed, the Joint Executive Committee approved the spending plans and budget therein.

A breakdown of the revised saving summary is set out below.

		Capital Expenditure Savings	Projected Revenue Savings	Actual Revenue Savings	Variance
2015-16	Year 1	(443,932)	(262,098)	(232,000)	30,098
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	(80,000)
2017-18	Year 3	(358,222)	(252,836)	(565,000)	(312,164)
2018-19	Year 4	(459,609)	(381,961)	(620,000)	(238,039)
2019-20	Year 5	(129,300)	(853,888)		853,888
2020-21	Year 6	867,962	(696,167)		696,167
2021-22	Year 7	(138,000)	(662,091)		662,091
2022-23	Year 8	(9,884)	(701,005)		701,005
2023-24	Year 9	(196,902)	(825,202)		825,202
2024-25	Year 10	(374,300)	(908,996)		908,996
Total		(1,554,709)	(5,363,500)	(1,517,000)	

* Although savings of £310,000 were delivered, Strata asked for £210,000 to be used for specific service improvements. This was agreed by the three Councils.

3.2 Key Variations from Revenue Budget

Strata is projected to deliver £323,759 of revenue savings in 2019-20 (Appendix A) a projected shortfall currently of around £30,000. Councils bills were reduced by £500,000 up front, therefore Strata are broadly on track to deliver the savings set out in the business plan. This is after taking into account the approved £50,000 expenditure on exploring commercialisation.

The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(138,229)	<ul style="list-style-type: none"> Some staffing changes projected for later in the year have already happened. Members will recall that two temporary posts were approved using the additional savings in 2016-17.
Supplies & Services	142,698	<ul style="list-style-type: none"> Some unexpected additional costs arising from higher than inflation increases in software licence costs.
Income - Revenue	32,287	<ul style="list-style-type: none"> Reduction in additional staff funded by the Councils directly.

The Company has set itself a challenging target this year after a detailed analysis of spend projections of the rest of the 10 year plan. It is important to note that:

- Strata has also reduced the monthly cost of each mobile device by £1.50 from £5 a month to £3.50 a month providing additional savings to the Councils;
- Strata has successfully renegotiated mobile phone contracts with Vodafone, EE and O2. The savings will directly benefit each Council through reduced mobile phone bills and the level of saving will vary depending on which operator each Council uses.

3.3 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. This account is brought to zero at the year end. To date Councils have paid the following for additional IT.

East Devon	180,012
Exeter	93,570
Teignbridge	134,539

RECOMMENDATIONS

- 4.1 That the Joint Scrutiny Committee and Joint Executive Committee note the contents of the report.

Dave Hodgson Director (Finance Lead)	Contact details Tel: 01392 265292 E-mail: david.hodgson@exeter.gov.uk
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BUDGET MONITORING
30 NOVEMBER 2019

STRATA SERVICE SOLUTIONS - REVENUE BUDGET				
	REVENUE BUDGET	ACTUAL & COMMITMENTS	OUTTURN	VARIANCE
	£	£	£	£
EMPLOYEES	2,964,210	1,897,854	2,825,981	(138,229)
SUPPLIES & SERVICES	3,178,620	2,788,566	3,321,318	142,698
TRANSPORT	38,022	24,597	36,895	(1,127)
SUPPORT SERVICES	60,000	60,000	60,000	0
TAX ON INTEREST	950	1,307	2,240	1,290
INCOME - REVENUE	(6,590,690)	(4,882,899)	(6,558,403)	32,287
INVESTMENT INTEREST	(5,000)	(6,878)	(11,791)	(6,791)
Net Income	(353,888)	(117,453)	(323,759)	30,129

CAPITAL PROJECTS					
	CAPITAL BUDGET	ACTUAL & COMMITMENTS	OUTTURN	BUDGET REMAINING	
	£	£	£	£	
SC001/08	C DATA CENTRE / DR - INFRASTRUCTURE including: WAN AD & EXCHANGE	553,023	1,026,823	1,026,823	473,800
SC002	C DATA CENTRE - HARDWARE	113,200	223,091	223,091	109,891
SC003	C DATA CENTRE - SOFTWARE	860,000	975,950	975,950	115,950
SC006	C SERVICE DESK	7,000	25,758	25,758	18,758
SC007/24/32	C Telecoms (incl contact centre)	268,623	252,675	252,675	(15,948)
SC009	C SECURITY	87,150	56,850	56,850	(30,300)
	Capital Funds	(1,888,996)	(2,633,996)	(2,633,996)	(745,000)
		0	(72,849)	(72,849)	(72,849)
SC011	Voice Activated Directory	44,800	42,812	42,812	(1,988)
SC012	C IDOX	170,687	228,626	228,626	57,939
SC013	Public-I TDC AV Equipment	124,750	104,424	104,424	(20,326)
SC014	BARTEC - TDC	77,175	77,175	77,175	0
SC015	Guildhall Wi-fi	17,000	15,005	15,005	(1,995)
SC020/21	E-Fin upgrade (ECC)	100,000	79,942	79,942	(20,058)
SC036	E-Fin upgrade (EDDC)	22,000	26,545	26,545	4,545
SC016	ECC - Firmstep	280,000	117,165	117,165	(162,835)
SC018	C iTrent	186,000	162,958	162,958	(23,042)
SC022	EDDC Housing Management System	158,960	129,062	129,062	(29,899)
SC017	ECC Housing Management System	125,000	211,514	211,514	86,514
SC023	Revs & Bens - EDDC	10,913	6,023	6,023	(4,890)
SC025/31	ECC - Trade Waste System	69,850	70,445	70,445	595
SC037	TDC - Firmstep	64,043	243,396	243,396	179,353
SC029	EDDC - Member Chamber	43,448	43,448	43,448	0
SC028	EDDC - Tree Management System	14,657	14,657	14,657	0
SC030	TDC - vdi Servers (Adelante)	17,000	16,874	16,874	(126)
SC034/35	ECC - Smart Devices	130,000	91,299	91,299	(38,701)
SC026	C LLPG	39,500	20,115	20,115	(19,385)
SC027	Revs & Bens - TDC	75,010	69,540	69,540	(5,470)
SC040	TDC - Oracle upgrade	12,000	12,000	12,000	0
SC041	ECC Electoral Reg- Mobile Canv		14,500	14,500	14,500
SC042	C Car Park Convergence	10,000	73,988	73,988	63,988
SC043	TDC Modern Gov		16,823	16,823	16,823
SC045	ECC switch replacement	125,000	67,418	67,418	(57,582)
SC046	TDC Reception Management		9,293	9,293	9,293
SC047	TDC Mobile Working Project		18,205	18,205	18,205
SC049	C Cemeteries convergence project	30,000	2,890	2,890	(27,110)
SC050	C GIS systems convergence	5,000	2,618	2,618	(2,382)
SC051	EDDC Modern Gov		17,150	17,150	17,150
SC052	EDDC Firmstep		98,072	98,072	98,072
SC054	ECC-Income Management System		21,566	21,566	21,566
SC055	C IDOX - Env Health Convergence		32,060	32,060	32,060
SC056	ECC - Agile & Flexible working		239,076	239,076	239,076
	Capital Funds	(2,162,715)	(2,096,085)	(2,096,085)	66,630
	Net Expenditure	(209,922)	300,595	300,595	510,517

COUNCIL RECHARGE	
	ACTUAL TO DATE
	£
EMPLOYEES	20,637
SUPPLIES & SERVICES	387,580
TRANSPORT	
INCOME	(301,281)
TO BE RECHARGED TO COUNCILS	106,936

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