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Solutions for government

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28 August 2020

## STRATA - JOINT SCRUTINY COMMITTEE

Dear Councillor

You are invited to a meeting of the above Committee which will take place on **Tuesday, 8th September, 2020 at 4.00 pm**. This will be a virtual meeting and you can attend the meeting via the following link <https://m.youtube.com/user/TeignbridgeDC/videos>

Yours sincerely

Phil Shears  
Managing Director

Distribution:

- |   |                              |
|---|------------------------------|
| (1) The Members of the Strata - Joint Scrutiny Committee: |                              |
| Councillor Fabian King                                    | East Devon District Council  |
| Councillor Phil Twiss                                     | East Devon District Council  |
| Councillor Nick Hookway                                   | East Devon District Council  |
| Councillor Yvonne Atkinson                                | Exeter City Council          |
| Councillor Keith Sparkes                                  | Exeter City Council          |
| vacancy   | vacancy                      |
| Councillor Chris Clarence                                 | Teignbridge District Council |
| Councillor Charles Nuttall                                | Teignbridge District Council |
| Councillor Andrew Swain                                   | Teignbridge District Council |

A link to the agenda on the Council's website is emailed FOR INFORMATION (less reports (if any) containing Exempt Information referred to in Part II of the agenda), to:

- (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**

# **AGENDA**

## **Part I**

1. Apologies for absence

2. Election of Chair

3. Minutes (Pages 5 - 8)

To approve the minutes of the last meeting held on 13 January, 2020.

4. Declarations of Interest

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda.

5. Questions from the Public Under Procedural Rules

A period of up to 15 minutes will be set aside to deal with questions to the Committee from members of the public.

Each individual will be restricted to speaking for a total of 3 minutes.

*Where a question does not relate to an agenda item details of questions should be notified to the Proper Officer of the Relevant Council at least two working days prior to the meeting.*

6. Question from Members of the Councils under Procedure Rules

To receive questions from Members of the Councils.

*Where a question does not relate to an agenda item details of questions should be notified to the Proper Officer of the Relevant Council at least two working days prior to the meeting.*

7. Local Government (Access to Information) Act 1985 - Exclusion of Press and Public

To pass the following resolution before the consideration of items listed in Part II on this agenda: -

*That, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the paragraph 3 of Part I of Schedule 12A of the Act.*

8. Strata IT Director & Manager's Report (Pages 9 - 40)

9. Strata Finance Report (Pages 41 - 74)

10. Strata ICT Report - Devon Audit Partnership Annual Audit Report (Pages 75 - 80)

**Part II: Items suggested for discussion with the press and public excluded**

11. Business Case for the New Finance System (Pages 81 - 94)

**Date of Next Meeting**

The next meeting is scheduled for 11 January 2021.

If you would like this information in another format, please e-mail  
[info@teignbridge.gov.uk](mailto:info@teignbridge.gov.uk)

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**STRATA - JOINT SCRUTINY COMMITTEE****MONDAY, 13 JANUARY 2020**Present:

Councillors Twiss (Chairman), Clarence, Millar, Nuttall and Swain

Members in Attendance: Councillors DewhurstApologies:

Councillors Atkinson, Lyons, Rylance, Sparkes

y

Officers in Attendance:

Paul Nicholls, Strata Board Director

Simon Davey, Strata Board Director

David Hodgson, Strata Service Director

Laurence Whitlock, Strata IT Director

Robin Barlow, Head of Security &amp; Compliance

Martin Millmow, Head of Document Centres

David Sercombe, Head of Business Systems &amp; Business Intelligence

Adrian Smith, Head of Infrastructure &amp; Support

Trish Corns, Democratic Services Officer

**1. MINUTES**

The Minutes of the meeting held on 4 September, 2019 were approved as a correct record and signed by the Chairman.

**2. DECLARATIONS OF INTEREST**

None.

**3. QUESTIONS FROM THE PUBLIC UNDER PROCEDURAL RULES**

None.

**4. QUESTION FROM MEMBERS OF THE COUNCILS UNDER PROCEDURE RULES**

None.

**5. STRATA IT DIRECTOR & MANAGER REPORT -1 AUGUST TO 31 DECEMBER 2019**

The Strata IT Director referred to the report circulated with the agenda on the last four months of activity, the aim being to provide background to the core areas of

specialisation within Strata and identifying key activities, successes and areas for improvement. 2019 had been a very productive and successful time for Strata, despite a challenging five year period to get to the current successful position.

The successes included: savings of £110,000 over the three authorities as a result of renegotiating the mobile phone contract; the replacement of the previous 20 year telephony platform with a new platform across the three authorities, enabling agile working and employees working anytime, anyplace, anywhere, and revolutionising the service to the end user; excellent support from the service desk; the dedicated IT trainer was proving invaluable meeting the proven need for IT training across the three authorities in assisting Members with ongoing iPad training, and training for employees; and the consolidation of Exeter staff into one building.

In relation to Climate Change the use of iPads by Councillors had significantly reduced print costs; corporate print paper costs had decreased by utilising a thinner print paper but which did not affect print quality; the replacement of handsets to headsets for skype for business have made a £2,500 energy saving.

Further project successes included: 50% of East Devon Councillors have been migrated to Microsoft O365 platform, providing more functionality on the assigned portable devices (iPads). Teignbridge Councillors have deferred the matter for a few months to consider the financial benefits; the re-certification to the annual PSN CoCo ahead of target for all three authorities.

Future projects included the roll out of cyber awareness training (DoJo) to officers and councillors and cyber accreditation (Cyber Essentials Plus); windows 10 migration rollout, to ensure all three authorities remain supported; and all three authorities collaboratively working more efficiently and effectively. Future challenges included the renegotiation of the Microsoft licence which had been factored into the Business Plan, although this is only an estimate of what the renewal costs might be.

Predicted savings were likely to be in the region of £830,000 by the end of the financial year, across the three authorities. £500,000 was returned to the councils at the beginning of the financial year – see finance report below.

RESOLVED - The report be noted.

## **6. STRATA FINANCE REPORT**

The Strata Director (Finance) referred to the budget monitoring November 2019/20 report circulated with the agenda. The Company had 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 was invoiced to each Council based on actual purchases made.

Although savings of £310,000 were delivered, £210,000 was used for specific service improvements, as agreed by the three Councils.

The report detailed the projected £323,759 of revenue savings in 2019-20. The projected 2020-21 savings of £500,000 would be provided to the authorities at the beginning of the financial year, therefore Strata was on track to deliver the savings set out in the business plan. This was after taking into account the approved £50,000 expenditure on exploring commercialisation. The report also detailed key financial variations, the savings of £100,000 on renegotiating the mobile phone contract, and cost of additional equipment ordered by each authority.

RESOLVED - The report be noted.

## **7. STRATA 2020 BUSINESS PLAN UPDATE**

The Business Plan was being considered by all three authorities, and to be signed off by the Joint Executive. The plan is based around building on the 'solid foundations' that have been created over the last five years. With a flexible, stable and scalable IT environment, supported by skilled resource and sound processes, the authorities can now look to further exploit the environment for organisational benefit.

RESOLVED - the report be noted.

## **8. STRATA GOVERNANCE UPDATE**

The Chairman referred to the report circulated with the agenda. Further to consideration of this matter at the last meeting, an updated version of the Governance paper was created and circulated. The paper would be discussed between the three Council Leaders, the Chief Executives of ECC and EDDC and the Managing Director of TDC. Any agreement to the proposed changes in the Strata Governance model, would be implemented from 1 April, 2020.

RESOLVED - the report be noted.

## **9. STRATA COMMERCIALISATION UPDATE**

The Strata Director updated Members on the potential for the commercialisation of a number of Strata services. A consultant had been engaged to undertake the discovery phase, the scope of which was set out in the report. A further report would be presented to Members on the results of the discovery phase in due course.

RESOLVED - The report be noted.

## **10. ENTERPRISE CONTENT MANAGEMENT UPDATE**

The Strata Director updated Members on the development of a single storage and retrieval of content (including documents, emails, spreadsheets, etc) for all three authorities, which were currently stored in multiple locations. It was envisaged that the findings of the investigatory work would be reported to Members in March 2020.

RESOLVED - The report be noted.

#### **11. LOCAL DIGITAL DECLARATION PROJECT**

The Chairman referred to the report circulated with the agenda, which provided an update on the discovery phase which was being funded by £71,000 successful bid to MHCLG as part of the Governments Local Digital Declaration Initiative. The three authorities were working in partnership with Sedgemoor, Basildon and Brentwood on the discovery phase. The Government Digital Service GDS would consider the findings of the discovery phase in determining whether to award additional funding for the next phase of the project.

RESOLVED - The report be noted.

CLLR P TWISS  
Chairman



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# Strata Service Solutions Ltd.

## IT Directors & Managers Report

- Joint Scrutiny Committee – 8<sup>th</sup> Sept 2020
- Joint Executive Committee – 22<sup>nd</sup> Sept 2020

Date Issued: 14<sup>th</sup> August 2020 v1.0

Period Covered: 1<sup>st</sup> May 2020 until 31<sup>st</sup> July 2020



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Building and delivering flexible, responsive and cost effective IT solutions and services for Local Government

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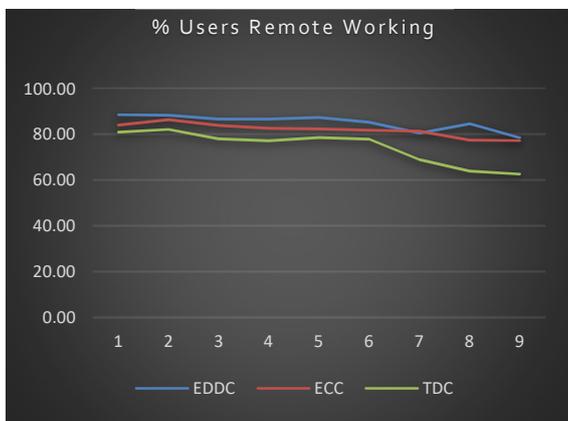
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## IT Director Summary Report– *Laurence Whitlock*

As we move forward through this Covid19 crisis, Strata are continuing to focus on the ever changing needs of the three authorities. Having an IT environment built with a set of common components across all three authorities, enables us to react quickly to these changes. Systems including the Global Desktop and Global Comms environments have performed very well, and supported the migration from office working to home working for officers.



In July, the annual internal audit of Strata by the Devon Audit Partnership (DAP) was completed and submitted to the Strata board. The report was very encouraging and demonstrates how well Strata is performing and how the processes we have built and the tools we have deployed support the working of the three authorities. In all three themes measured, Strata performed at a Good and still improving level, providing the councils with 'Substantial Assurance' that the IT provision through Strata is 'fit for purpose'.



From an operational view point, the last three months has seen a relentless flow of work arriving into Strata. Having an efficient portal is enabling Strata to manage this level of demand. There is now a steady move of authority Global Desktop users back into the office environment. This graph shows that all three authorities are now seeing an increasing percentage of staff working out of a council office. Whilst we predict remote/homeworking will remain for some time to come, we do foresee more authority staff choosing to return to the office environment, that's unless there is a second Covid19 wave and as a country or a region we move back into lockdown. The Strata

service desk have proved highly effective at managing users both in the office and remote working.

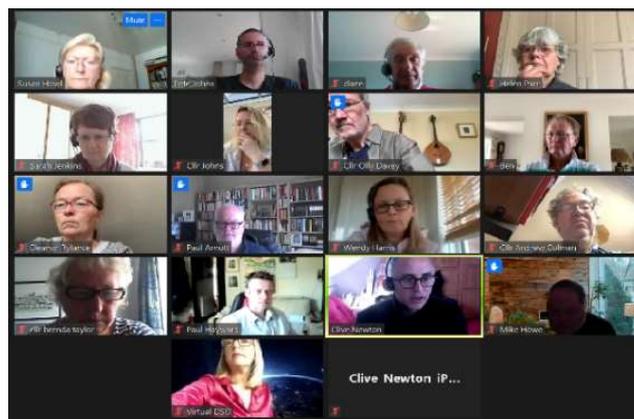
The newly procured VDI infrastructure to support Windows 10 and to deliver improved levels of business continuity has now been delivered and installed in the Civic Centre. The existing infrastructure can now be moved from the Civic Centre to the Oakwood Data Centre to provide additional resilience. This is a challenging and technically demanding project, especially as we are having to do it during a time of high IT demand, but good progress has been made.

The move (to remain PSN compliant) to Windows 10 and the implementation of a new antivirus platform (ESET) to replace Kaspersky has proved very complex, and we have experienced some issues with screens freezing and occasionally going blank. We are working closely with 3<sup>rd</sup> parties to investigate, diagnose and resolve the issue (or issues). With such complex change programmes and despite extensive testing there is unfortunately always a risk of problems occurring, especially when deploying into the 'live' environment. Whilst some users have experienced issues with intermittent freezing of screens, the Global Comms and Global Desktop environment has remained available for 100% of time during July.

In recent weeks, a number of high profile organisations have experienced attempted ransomware attacks (some of which have been successful). Users need to remain extra vigilant and if they receive any suspicious mails or their IT starts behaving in a peculiar way, they should engage the Strata Service Desk as soon as possible in order that we can investigate. In addition, in early September, we are launching Cyber training for end users, which will provide valuable knowledge and insight as to how to protect yourself in the cyber world we all now live in.

At TDC, we are in the process of provisioning their 'Agile' environment, and nearly 100 x Dell laptops are being provided to assist users with flexible / remote working, whilst screens and docking bases are being provisioned in Forde House to offer additional flexibility when staff are working in the office.

We are starting to see a need for the delivery of 'hybrid' council meetings with some councillors being present in a council chamber and some joining meetings remotely. We are working closely with TDC and Public-I on the build of this hybrid solution, and if successful, the solution may be deployed to the ECC and EDDC. However, the existing Zoom based delivery of virtual council meetings is working well, and the technology has been embraced by Officers and Councillors alike.



There is an increasing demand from all three authorities for Microsoft Teams. Strata are working with a 3<sup>rd</sup> party organisation called Modality to produce a detailed scope of requirements. With any project of this size, it's really important to gather the requirements at the outset, in order that the solution is designed and deployed so as to meet the needs of the three authorities. The initial stage in 'requirements gathering' is a facilitated workshop for each of the authorities, and these are being scheduled in for late September / early October.

The weekly BCR and Project update report is proving very effective, and we have now automated the production and distribution process. We are hopeful that this enables the authorities to have much clearer visibility of project lifecycle, whilst in addition, all providing insight into the work we are delivering across all the authorities.

As Strata become more involved with the Exeter Leisure project, we are now able to understand the early stage requirements and are working to provide ECC with detailed costings. It's fair to say that there's a lot of work to be done to deploy the systems and infrastructure to support the reopening of the leisure centres, but good progress is being made, and Strata and the ECC team are working closely on the project.

Financial performance is strong and tracking in line with 20/21 Business Plan predicted savings and the additional savings Strata proposed to the three authorities in May 2020. The mechanisms that we have put in place to monitor and manage spend are comprehensive, provide excellent visibility of spend trends, and enable each Strata team to view spend on a monthly basis. We also work to drive down renewal costs through pro-active engagement with suppliers. The financial auditors have signed off the 19/20 accounts, showing total savings of £1.073m for the 12 month period.

We have now started work on the Strata Business Plan for 21/22, and a timeline is being created and distributed to the three authorities. The aim is to work closely with the Client Leads and the authorities on this years' plan, to ensure Strata is mapping against the changing IT needs of the three authorities, especially as priorities are changing as a result of Covid. In June we undertook an exercise with the three authorities to review key priorities in terms of IT strategy over the short and medium term and are working to scope the IT solutions to deliver against these priorities.

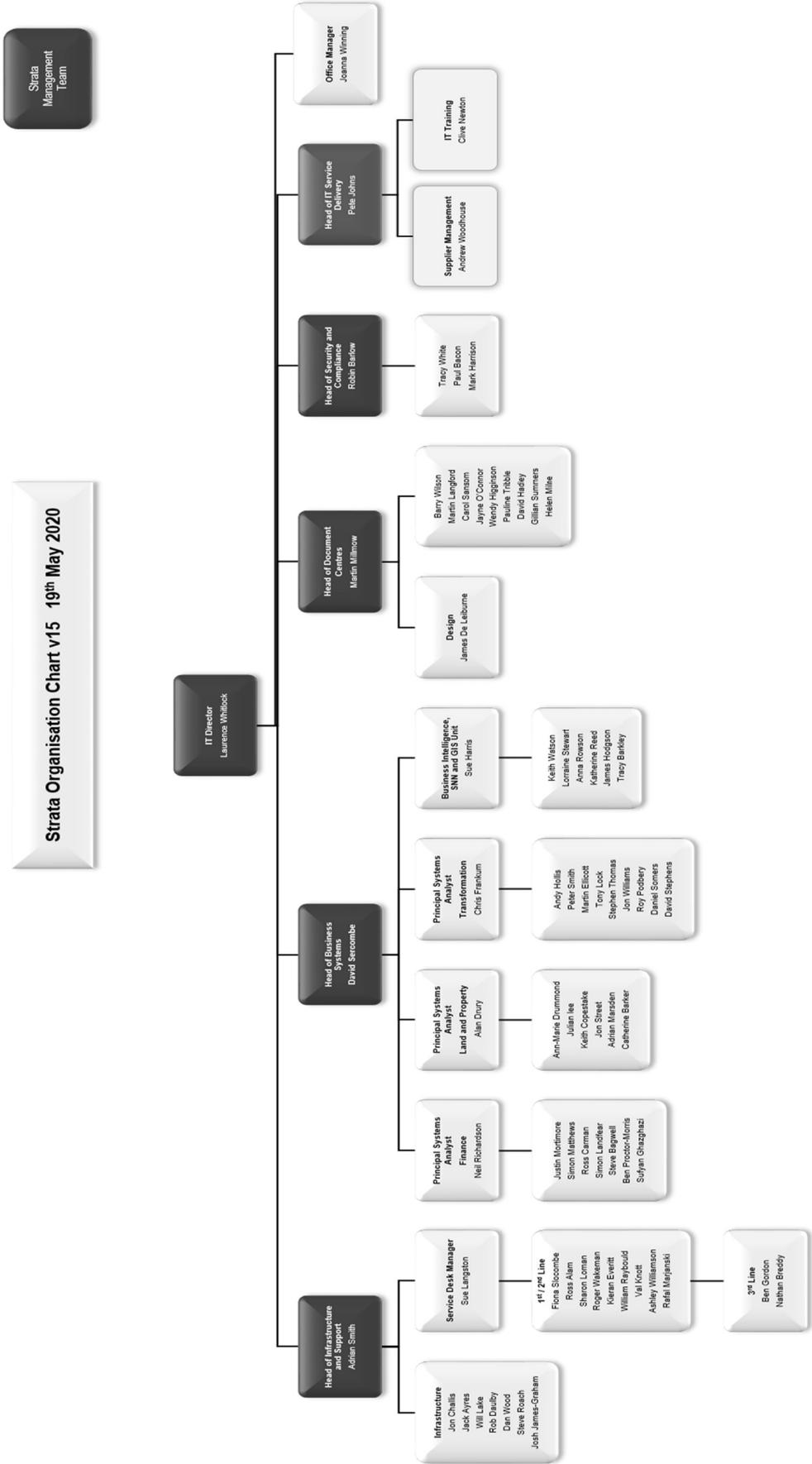
As ever, the Strata team continue to work hard to support the work of the authorities and in particular at this critical time, we are trying to be flexible and responsive in our approach despite high demand.

Best Regards

*L. W. Whitlock*

Tel: 07583 014926

# Strata Organisational Structure (as of 1<sup>st</sup> July 2020)



Strata Organisation Chart v15 19<sup>th</sup> May 2020

Strata Management Team

## Strata Service Team Report

### Infrastructure & Support Team – *Adrian Smith*



July has seen some very large IT projects heading in Strata's direction. Exeter City Council's decision to bring Leisure back in house will require significant new infrastructure and licensing, and requirements gathering and design work has now commenced. Progress has been made on Windows 10, and over 30 users are now testing this new desktop environment, however, we have identified issues with the new Antivirus software (ESET) and this combined with the summer holidays has delayed roll out.

We have completed procurement of new hardware for VDI, HPE delivered this in good time and this has now been installed in the Civic Datacentre, and the legacy hardware moved to Oakwood as part of the DR project. The team worked hard over two weekends to complete this work to minimise any disruption to council staff.

Unfortunately during July, we said goodbye to one of our apprentices Rafal Marjanski, but we have been able to offer William Raybould a fixed term contract until the end of the 2020, after the successful competition of his apprenticeship.

### Major Projects

**Windows 10 upgrade for all desktops (Including Global)** – Work continues at pace to deploy Windows 10, we now have 35 users in East Devon undertaking 'User Acceptance testing'. Once they complete the signoff process we'll arrange the migration of the entire department, it is expected we'll start the first full migrations before the end of August. This has been delayed slightly due to staff availability because of annual leave and issue around the new Anti-Virus solution. Currently we have packaged 95% of applications required by East Devon. Once we start Roll out in East Devon we will begin UAT in Exeter.

We have now completed the upgrade to the Horizon View environment at Civic, this brings it in line with Oakwood, and the VMware Horizon upgrades are now complete.

The new hardware has been delivered and all the new twelve hosts have been installed into the datacentre, we are awaiting delivery of the DAC cables to complete the install. Once built we'll start migrating users onto the new hardware.

**Exeter City Council – Leisure On boarding** – Work has begun to scope out the requirements for this project, this includes, but is not limited to, the initial cost of hardware and resources, and the long term implications on Strata and the associated costs of the delivery of services and support. The first Site Visits are being undertaken the first week in August. Strata has also required a dedicated project manager.

**Exeter City Council – Bus Station\St Sidwells Point** – While initially requested to provide the telephony and internet connectivity to these sites, we have since been asked not to focus on this work. Enquiries were made about the possibility of extending the dark fibre network to cover one of both of these sites as it would remove the need for expensive internet links in the future, as connectivity would be free. This was rejected by ECC and may be looked at again at a later date.

**Exeter City Council – Agile Working Phase 2** – We have been working towards completion of second wave of equipment collections around the 5<sup>th</sup> worker role and where staff required additional hardware to support them at home – these are nearly all completed.

We are now starting to prep equipment for Rev and Ben’s original homeworkers to replace their desktop PCs, and current setups.

**Teignbridge District Council – Agile Working** – Procurement has been completed, Monitor arms & Docking Stations have been delivered. Strata have recruited Oliver Slocombe to assist in the delivery of the project, this temporary resource is being funded by the project.

Work has started on workstation modifications for laptop users. Monitor arms are being installed onto desks on 1st and 2nd floor in Forde House, keeping the desktop PCs in place until the laptops are ready for collection.

Strata are starting to plan the laptop collection process with social distancing in place – we will be using the Council Chamber as a base for collections, and have completed the required H&S assessment

**East Devon District Council – Work Smart - Phase 1** collections, in total we had 44 requests for equipment to be removed from desks at BDH. These collections have all been planned and completed.

The Next phase is being planned for later in August.

### **Other Projects**

**Cllr O365 – On Hold** - No progress this month, a decision on whether this will be adopted by Teignbridge is due in the coming months

**Server 2008 Upgrade/Replacement** – Work on the project continues and is now being driven by the Security & Compliance team. Unfortunately we had to roll back a change that would have removed one for the last Infrastructure 2008 servers, we’re now working to fix this, so it can be removed. We are also waiting on a decision from Teignbridge District Council re the upgrade of their BMS platform so we can move forward in removing that 2008 server.

**SQL 2005/8 Upgrade and replacement** – No Update this month. This project is being led by Tony Lock of the Business Systems Team.

**Exeter City Council – Entire Network replacement.** – Delayed – This project is now delayed because of the ECC Leisure project.

**Broadband Estate Evaluation and possible replacement** – Delayed – This project is now delayed because of the ECC Leisure project.

**Leased Line & LAN Extension Evaluation** – Delayed – This project is now delayed because of the ECC Leisure project.

**Webcasting – Teignbridge District Council** – Install delayed due to Covid-19 – Now taking place on August 3rd 2020. Now factoring the possibility of Hybrid Council Meetings, Strata, and TDC & Public-I have agreed revised contract to factor in the delays caused by Covid 19.

**Anti-Virus Replacement** – The product is now live and providing AV protection to all the servers in our current estate. Kaspersky is still be used to protect underlying laptops and thick clients. ESET has also been deployed into the new Windows 10 VDI desktop, issues have prevented us from deploying to the Windows 7 desktops, and currently we are troubleshooting a performance issue with this side of the deployment. We have procured an extension to the Kaspersky licensing while we resolve this issue.

**Virtual Desktop – Disaster Recovery** – Procurement of the new hardware has been completed and after a very competitive process was won by HP. Delivery of the new hardware is expected in August, in preparation we are moving server hosts from Civic to Oakwood over a couple of weekends. These relocated hosts will provide the capacity required to deliver desktops in a DR scenario.

**Civic Centre Relocation** – On Hold - Strata now have to consider the potential significant impact of Exeter City Council relocating from the Civic Centre and selling it off. This building currently houses our Primary Datacentre, Strata are now reviewing all the options and implications this may have. It is also being factored into any future investment in the site.

**Cloud Evaluation** – as we come to the end of the original five year hardware installation and convergence strategy, we now look to the future to see what that may be, as part of this we are now undertaking a full evaluation with a company called 'Cloud Chomp' in conjunction with Amazon Web Services. The first initial cost comparison has been completed, this predicted a yearly cloud cost of \$2.5 million, we're working with AWS to understand this figure, as this figure is significantly higher than the current costs of the on premise solution that has been deployed.

**Oakwood Datacentre** – On hold - Strata are again looking at the functionality and suitability of the Oakwood site as the secondary datacentre. Work is at an early stage with only preliminary discussion taking place.

**MIA Replacement (centralised internet provision)** – Failover test completed successfully, upgrade is complete, now awaiting Virgin Media to collect their old kit.

## **Security and Compliance Team – Robin Barlow**

The level of security issues and challenges continues at comparable level to previous months, and remains manageable.

We continue to hear of threats affecting other organisations, with a ransomware attack impacting a company called Blackbaud with a client list including UK universities, the National Trust, Sue Ryder and the Labour Party. If you are an outdoor type or lucky enough to be a pilot, another ransomware event severely impacted Garmin. Also this month the £10.4m cost of the Redcar and Cleveland Council Ransomware attack from February was released, and the services are still not fully operational and it is unlikely that some information will ever be recovered leading to issues for many years to come.

The threat of Ransomware is a key reason that Strata makes the data backups a critical priority, including the requirement to create a 'air-gap' where a copy of the backups are both disconnected from the IT systems and for other reasons physically moved to another location. We also undertake tests of these. We never want to have to use these, however, it was very clear from even the earlier days that the Redcar situation would have been far better if they had their backup data fully available.

We also continue to see emails as the main attack route, and even though Mimecast does a very good job, we still see some staff clicking on links, which the next level of security needing to step in. We are also seeing, especially for councillors, a concerted 'replay attack', where old emails have been intercepted and used to trick others. We have had to add in additional protection against a particular campaign.



## **GDPR / DP Act 2018**

The DPIAs for the corporate dash boards and data warehouse has been drafted, and Orlo and PRGloo have also been started. There has also been support for Devon Home Choice and Synertec contracts. .

## **Cyber Training and Awareness**

The Cyber and data protection awareness training is now ready to be launched. Strata will be receiving their training in August and then it will be launched to the three authorities. This is of critical importance.

## **Passwords**

The security team have undertaken another review of passwords in use and some staff will be receiving a request to change their passwords in the next month where they have been found to be too guessable. The standard for all logon passwords is a length of 15 or more, with a combination of at least three characteristics of upper, lower case, numbers and symbols. The National Cyber Security Centre guidance is now to use two or three unrelated words, and to add in numbers and symbols, but in a way that is easier to remember.

## **Business Continuity**

There has been no change in the Business Continuity processes and the previous tape backup issues are no longer present after the system was replaced. We continue to have a challenge in prioritising some documentation work for some of the specialist business IT systems, which has been discussed in the management team.

We are however seeing a further stage of the Business Continuity development for the Oakwood secondary data centre with the available of some additional Global Desktop servers resulting from the refresh of some newer servers for the Windows 10 project. This has greatly increased the number of Global Desktop users we can support in the event that an emergency occurs.

#### **PSN Code of connection (CoCo)**

The team is now preparing for the annual IT Health Check that is in the first week of September. This is a significant amount of work for the next three months.

**BCR Trends**

There were 73 BCRs Raised in July (EDDC 27, ECC 29, TDC 17) and 76 Closed (EDDC 26, ECC 25, TDC 25). This is a drop on both counts from June which was heavily impacted by BCRs relating to COVID.

The peak of BCRs received in March and April has now been worked through and the number has now returned to pre-COVID levels

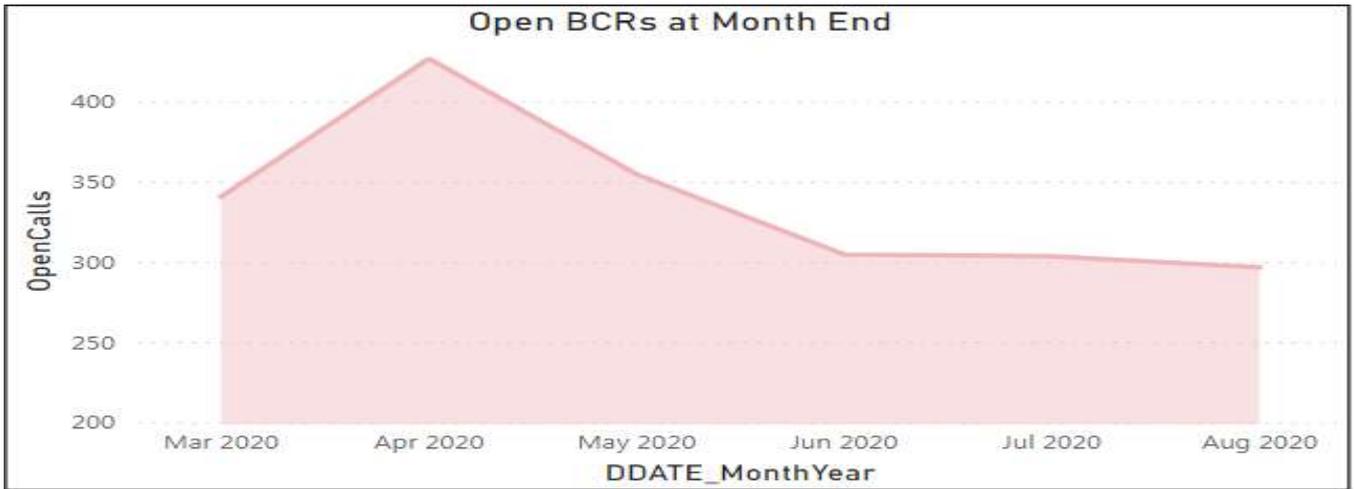
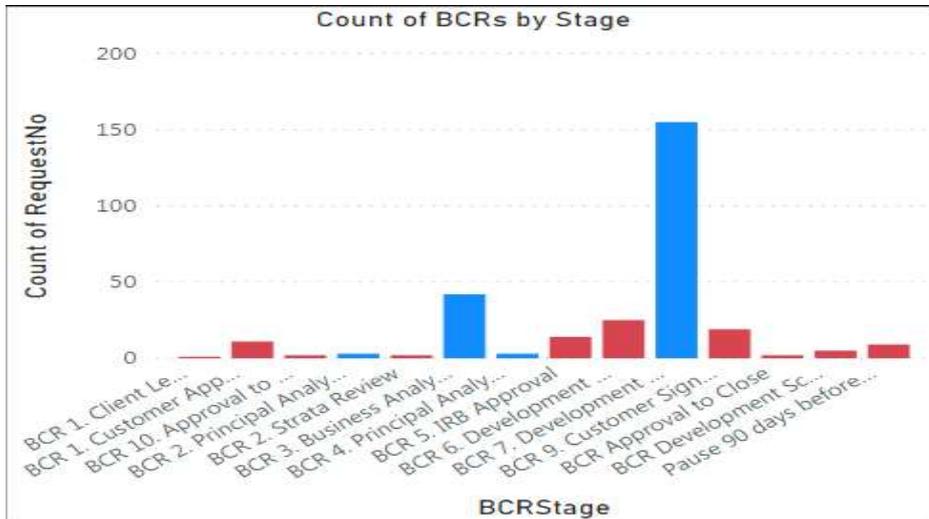


Figure 1 – BCR Trends for 2020.



The graph to the left shows the various stages of the BCRs in our Service Desk System. One thing to note on the graph is the number of BCRs at stage 9 – awaiting customer approval. Of the 293 Live BCRs there are currently 19 BCRs that have been completed and are awaiting the final sign off by the customer before they are closed. There are 11 x BCRs that are waiting for approval by service leads or the Strata Client lead. Until these are approved by the

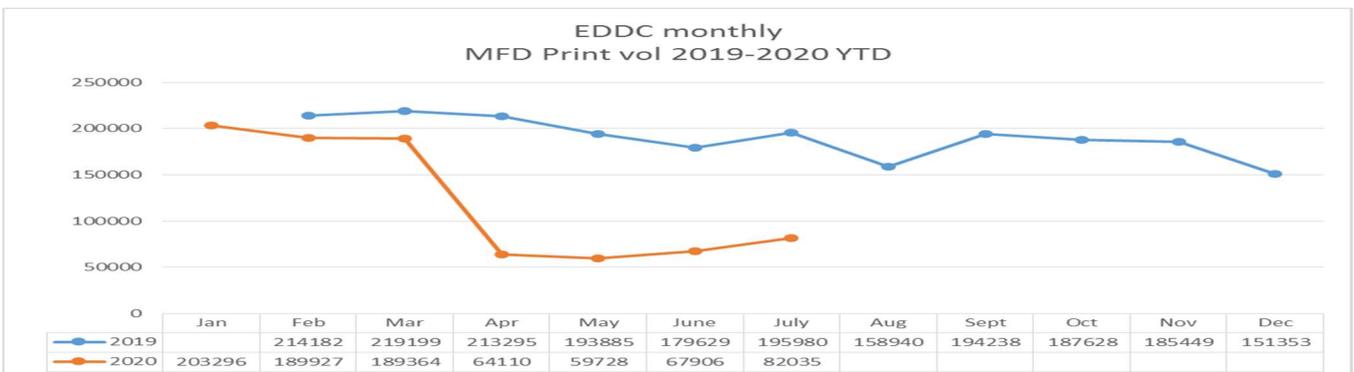
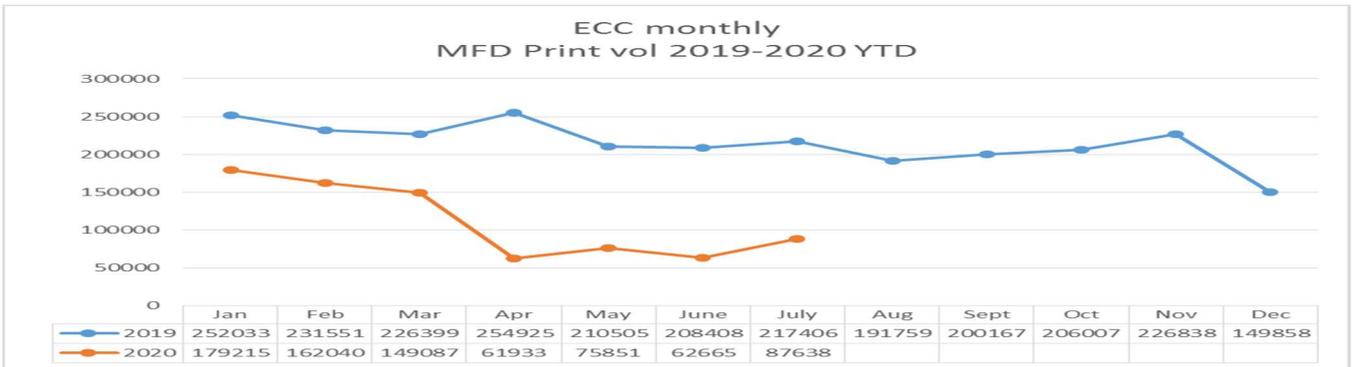
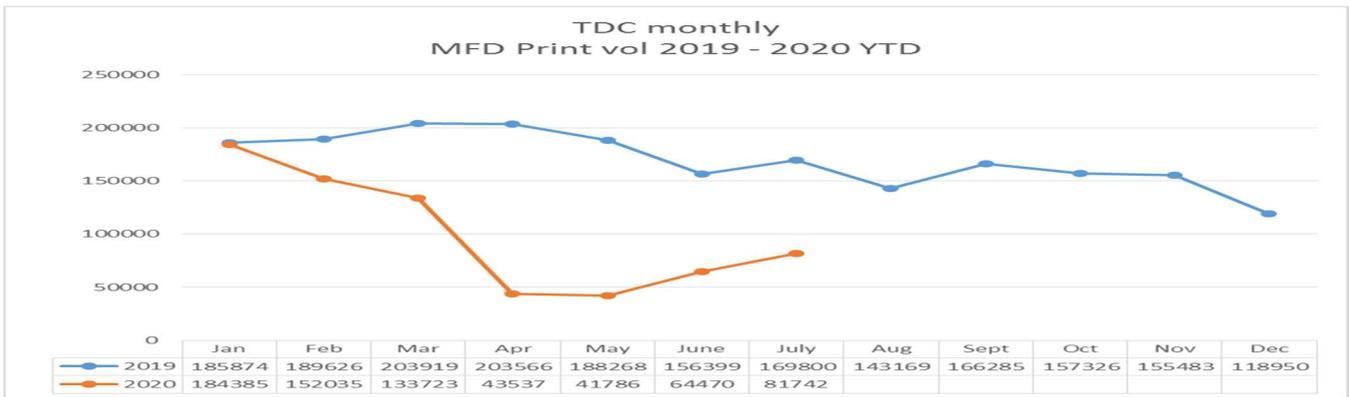
relevant people within the authorities, the Strata Business Systems team do not see these requests to assess. If you are a Service Lead, please could you check your approvals and authorise any that are pending that you agree should be worked on.

**Staff update:**

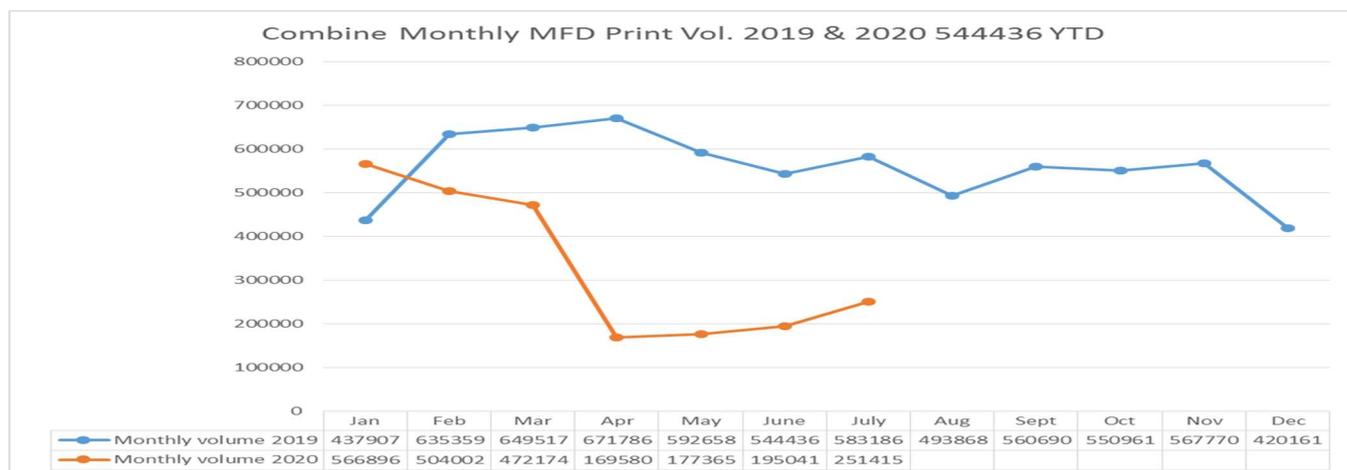
Interviews are being held on Monday 10<sup>th</sup> August for a new position within Strata to assist Exeter with improving the data quality of the planning system and the links into GIS and the LLPG.

**Printing Volumes and Trends**

Printing volumes have continued to remain lower in 2020 than in 2019. However, there is clear evidence of an upward trend in activity as the number of staff returning to work in the offices rises. MFD (multi-function devices) volumes for printing produced during July was around 250,000 sheets for the three Councils as opposed to an average monthly figure of 600,000 sheets seen in 2019. The four charts below show the pattern for the three Councils is fairly consistence.



## Combined Monthly Print Demand



*(Please note that these figures do not include printing from Academy (revs and bens) at EDDC. Academy printing at EDDC does not go through the Equitrac printer server so the figures are not included. In previous reports these figures have been manually added to EDDCs figures and are usual around 70K-100K prints per month. Like for like printing at TDC and ECC is processed by Synertec our Hybrid Mail supplier, work is progressing to shift the EDDC academy printing across to Synertec as well.)*

The central printing facilities at all three Councils continue to see very little demand, expected jobs such as production of Green waste collection reminders were successfully processed. However very little additional work has been requested. We are yet to see any printing requests from the TDC sports centres or ECC public attractions.

### Scanning

Scanning and digital document handling demand in support of Revs and Bens at both TDC and EDDC have returned to normal levels.

A DMR (Digital Mail Room) will begin being rolled out at TDC during August 2020 to most departments based on practices and processes already successfully developed at EDDC.

We also continue to support council staff by completing one off scanning tasks and ad-hoc printing and posting out on behalf of staff working from home at TDC and EDDC.

### Postage figures

The following graphs show the comparison between last year's monthly volume at EDDC and TDC and this year's figures. The trend has changed this month and turned upwards with increased volume mainly as a result of the dispatch of the Garden Waste reminder letters, CTax soft reminders and a return to Reminder letters being sent out.

**EDDC MONTHLY POSTAL VOLUMES**



	1	2	3	4	5	6	7	8	9	10	11	12
2019	23291	25538	33045	44918	44263	19331	20627	17262	24593	18342	20629	20632
2020	25052	20244	31033	28033	18113	16771	21226					

**TDC MONTHLY POSTAL VOLUMES**

2019 2020



	1	2	3	4	5	6	7	8	9	10	11	12
2019	9601	11894	9515	28744	29515	10785	16257	17790	9725	10745	21909	5442
2020	8181	7005	7949	10987	4707	7274	21133					

**Hybrid Mail**

Work has continued on the procurement of a new contract for the supply of Hybrid mail with Data sharing agreements now circulated for approval by the three authorities.

## Design work

James de Leiburne continues to work closely with the Comms team at EDDC to produce a wide variety of graphics and materials including Covid-19 H&S signs and infographics which helps to communicate the public the Council's response to the crisis and continuing high service levels. Some examples of the work produced are shown below:



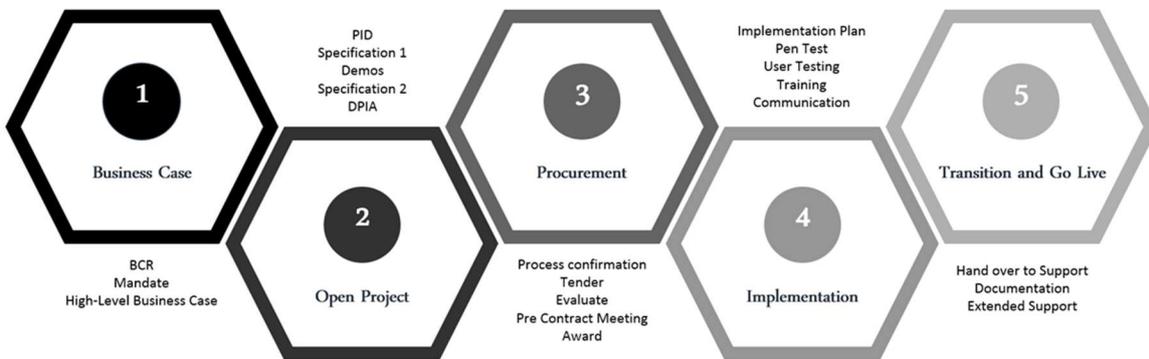
**IT Solution Delivery – Pete Johns**

Work continues to tidy up our live projects list in order to give more relevant information to the right people, along with a review of how we report Project Risk. This will ultimately be presented in the form of a PowerBI dashboard that will give much better visibility of all of our projects in-flight.

Although we have had a handful of new projects added to our list, there have been several closures so our total has decreased from the previous month.

The vast majority of projects are back up and running as they were previous to Covid19 though it is very notable how resourcing issues – from both the authorities and within Strata – are the main cause of project delays. We believe this issue can be reduced by spending more time in the early phases of the project framework (below), so we can better-predict who is needed, for how long, and when from within the authorities. This is very much the purpose of the first and second stages of the framework – this will be explained more in later updates.

The following ‘gates’ are from the Strata Project Framework, as summarised below:



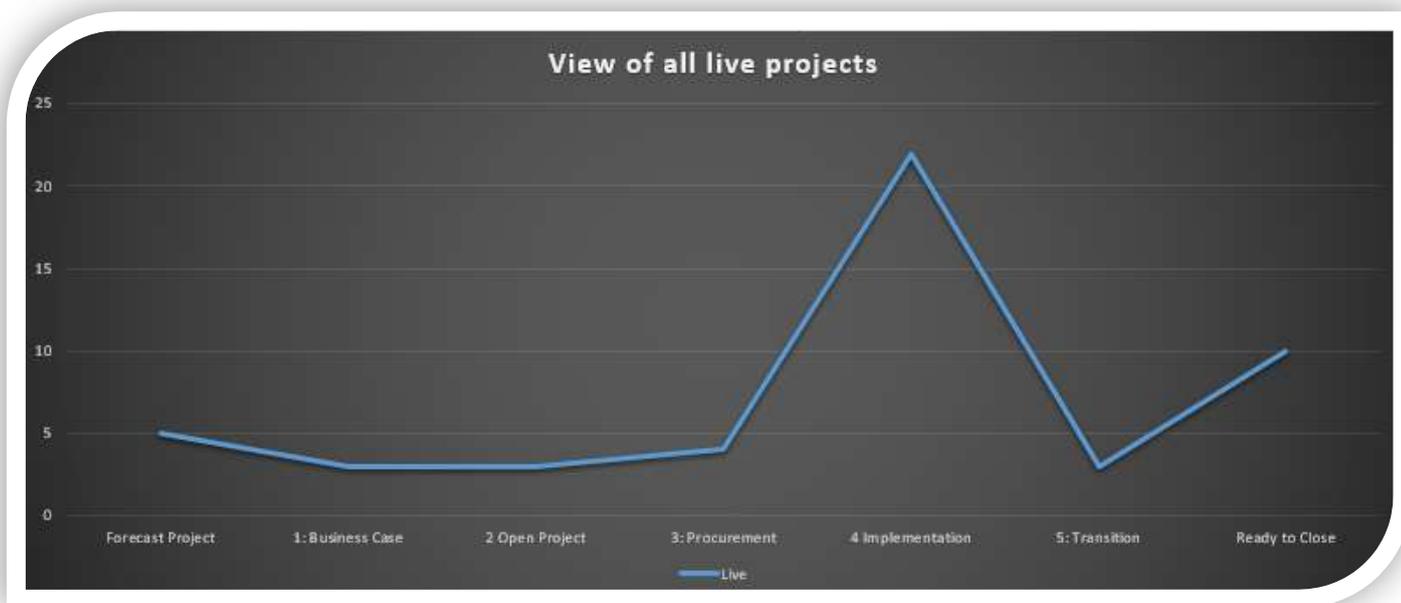
*Projects enter the process on the left, and work through our five stages (or ‘gates’) through to Go Live on the right, and are closed when it becomes “Business as Usual”*

There are currently 52 live Projects (decrease of 8 over previous report), split into the following project gates:

Forecast project	5 (increase of 1)
1: Business Case	3 (decrease of 3)
2: Open Project	3 (decrease of 3)
3: Procurement	5 (no change)
4: Implementation	23 (decrease of 1)
5: Transition to “Business as Usual”	3 (decrease of 1)
Ready to Close	10 (decrease of 1)

Once a project has closed it drops off of this list following a project review.

To provide a visual representation of the stages of the project process, the following graphs have been developed to provide a high level view of projects numbers and project stage for all three authorities and Strata combined.

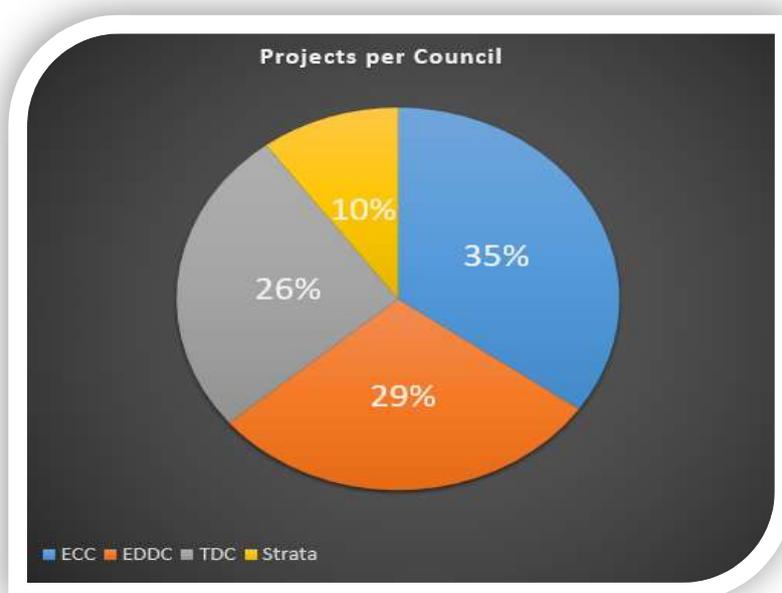


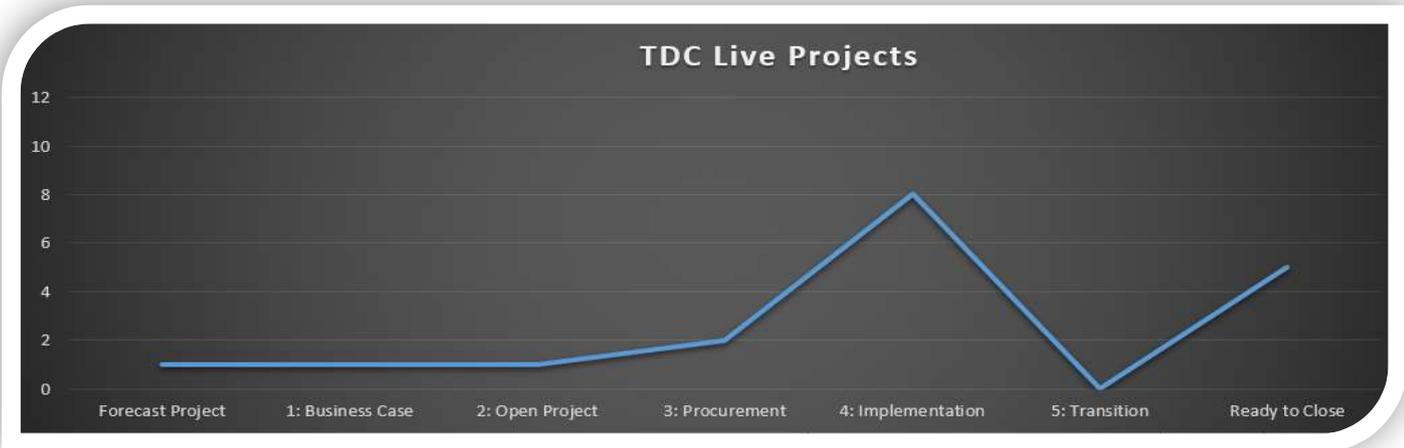
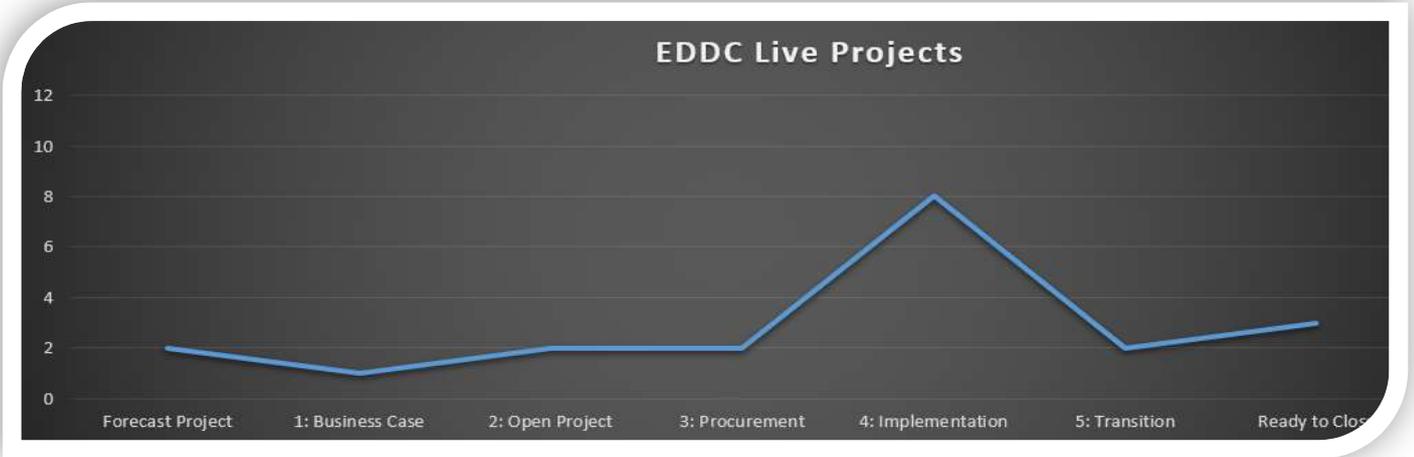
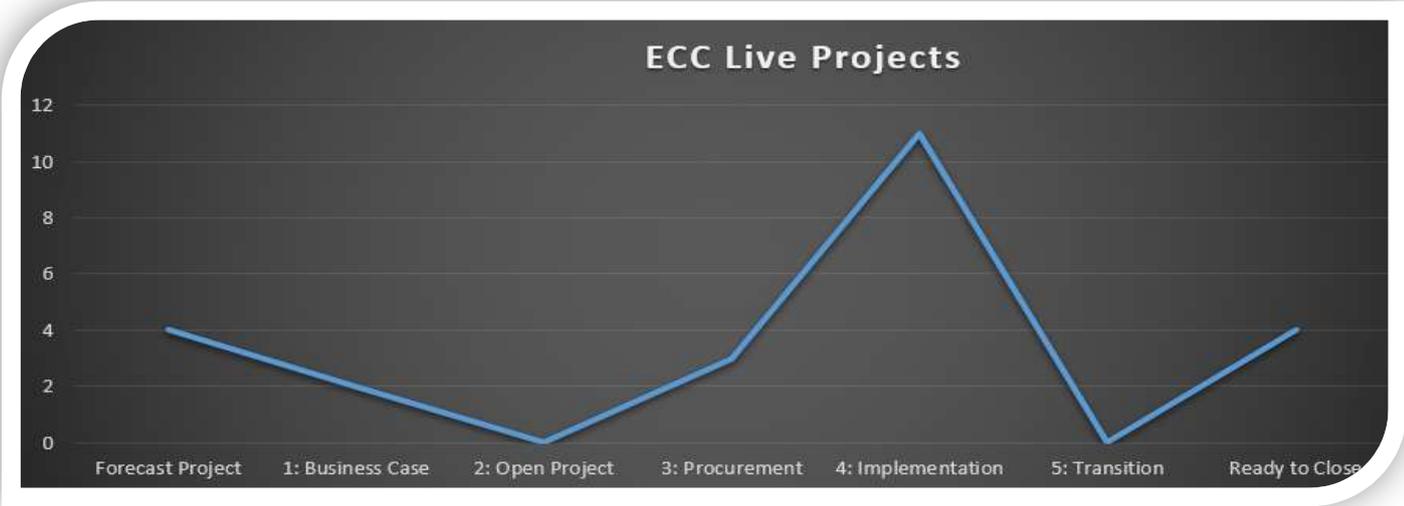
The projects can be split to each authority as follows:

- ECC: 24 (No change)
- EDDC: 20 (decrease of 4)
- TDC: 18 (decrease of 4)
- Strata: 7 (no change)

NOTE: A single project can be counted multiple times if it relates to multiple authorities. This is to aid reporting.

The live projects broken down to each authority look like this:

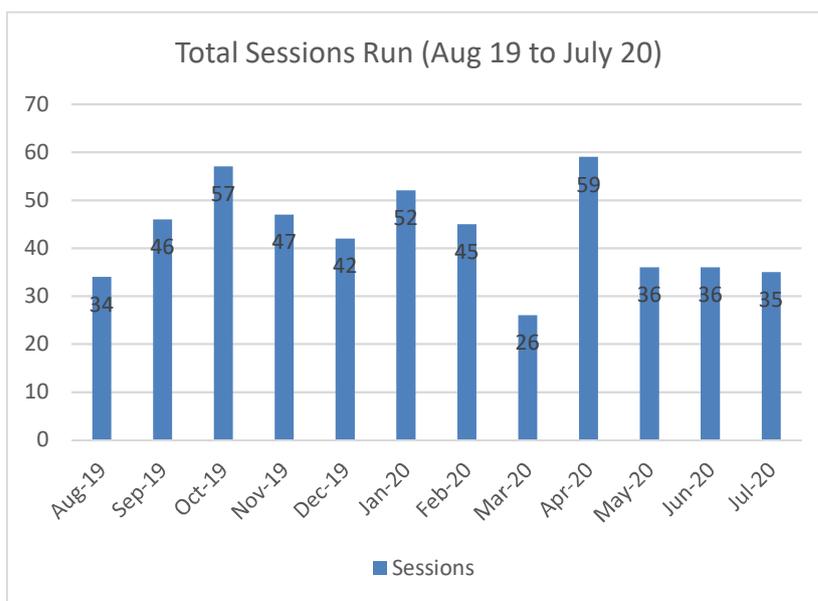
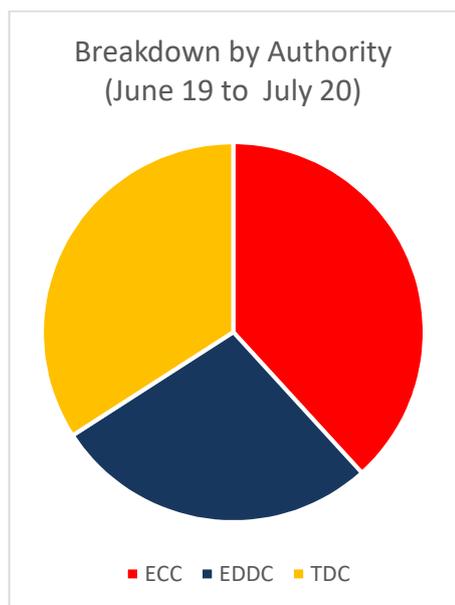




## IT Training – Clive Newton

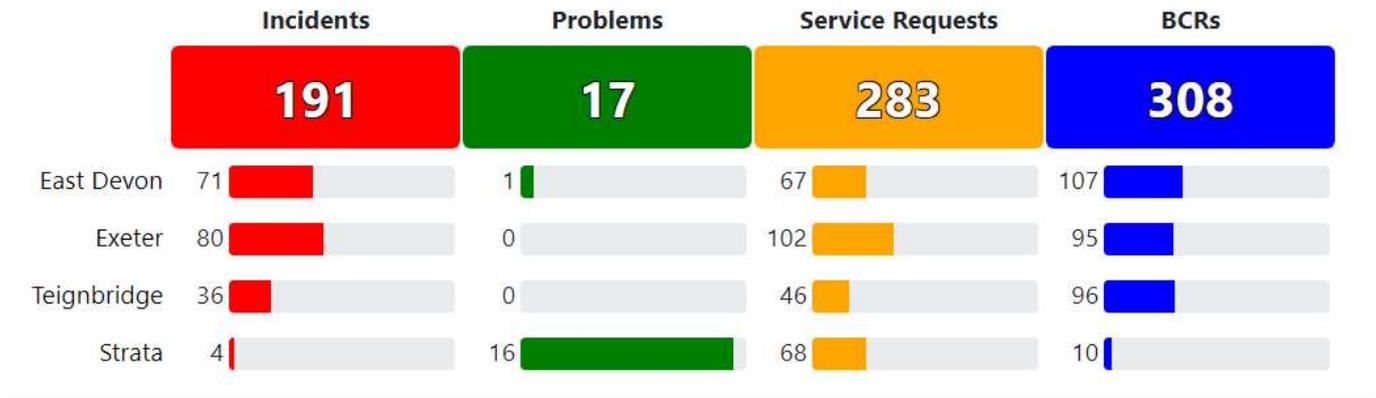
July has followed the pattern of training need arising from lockdown so far, centring on support for remote meetings over both Zoom and Skype for staff and councillors. More requests are coming for other remote meeting tools such as Microsoft Teams. Work has commenced on re-starting training initiatives that were in place prior to lockdown, including half-hour drop-in slots, which are now performed over Skype instead of being face to face. Preparatory work has started on assessing training need arising from the imminent Windows 10 project. Web Accessibility training for those posting to our websites has taken place for both TDC and EDDC staff and is largely complete.

Month	Contact time	Total sessions	Number of clients seen	Session delivered by council (includes DNA)		
				TDC	EDDC	ECC
Aug-19	33:40	33	75	4	2	27
Sep-19	44:00	46	157	2	10	34
Oct-19	46:00	57	109	15	15	27
Nov-19	35:10	47	102	19	6	22
Dec-19	43:10	42	100	11	17	14
Jan-20	49:30	52	190	19	19	14
Feb-20	39:35	45	100	17	15	14
Mar-20	22:25	26	80	6	12	8
Apr-20	41:20	59	164	14	18	27
May-20	26:00	36	125	13	20	3
Jun--20	26:15	36	88	11	10	15
Jul-20	30:00	35	153	18	15	2
<b>TO DATE</b>	<b>561:45</b>	<b>579</b>	<b>1594</b>	<b>198</b>	<b>160</b>	<b>222</b>



### High Level Real Time KPI Measures

Strata have redefined our KPI's, so as to show four primary KPI's on our wallboard. As of 2<sup>nd</sup> August, our wallboard of KPIs showed as follows:



Comparison to 2<sup>nd</sup> July 2020

KPI	Increase or Decrease on Previous Month	Level of Increase or Decrease on Previous Month
Incidents	Increase	57
Problems	Increase	3
Service Requests	Decrease	8
BCR's	Level	0

The above graphic shows the new KPI's. All the elements that we report on have now been migrated onto the vFire platform.

The increase in Incidents is primarily down to the issues being experienced with Screens Freezing within Global Desktop. The Infrastructure team are working with 3<sup>rd</sup> parties to diagnose and to implement a resolution.

**Service Desk Performance Indicators Report – July 2020**

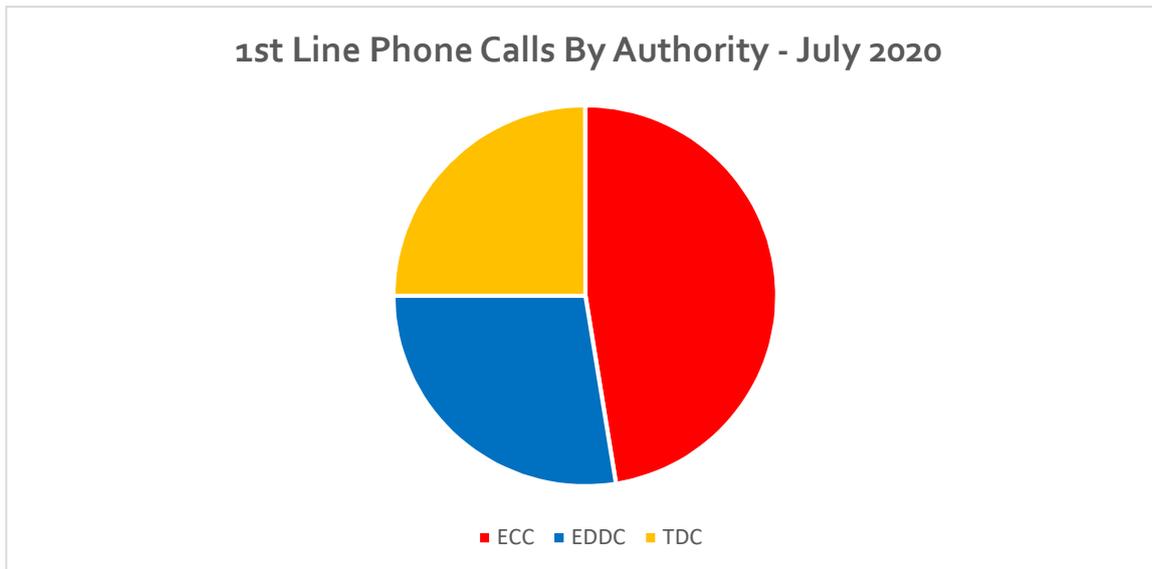
The table and graph below shows the total number of Phone Calls (excludes communication via the portal) coming into the Strata 1<sup>st</sup> line team during the month of July and is broken down by reporting authority.

The Service Desk team is structured in three tiers:

Tier	Description
Tier 1	Handle all incoming Incident calls into Strata. Try to resolve first time
Tier 2	Site based, and deal with day to day site related incidents
Tier 3	Based in Exeter and deal with complex incidents and problems

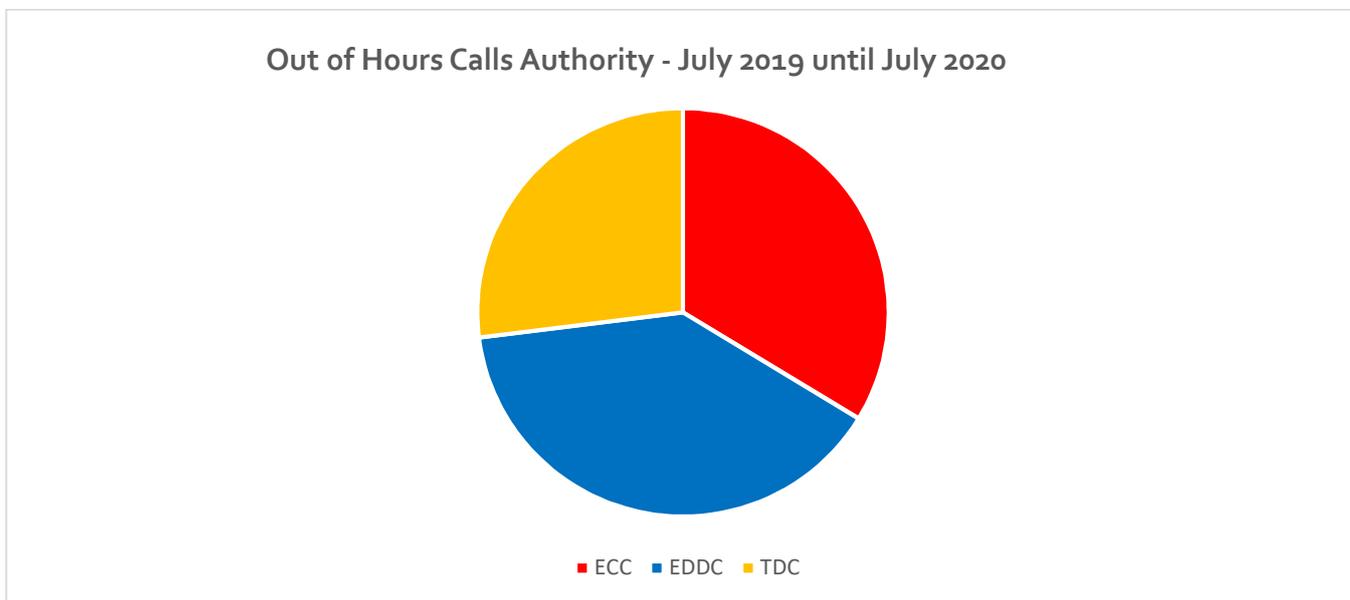
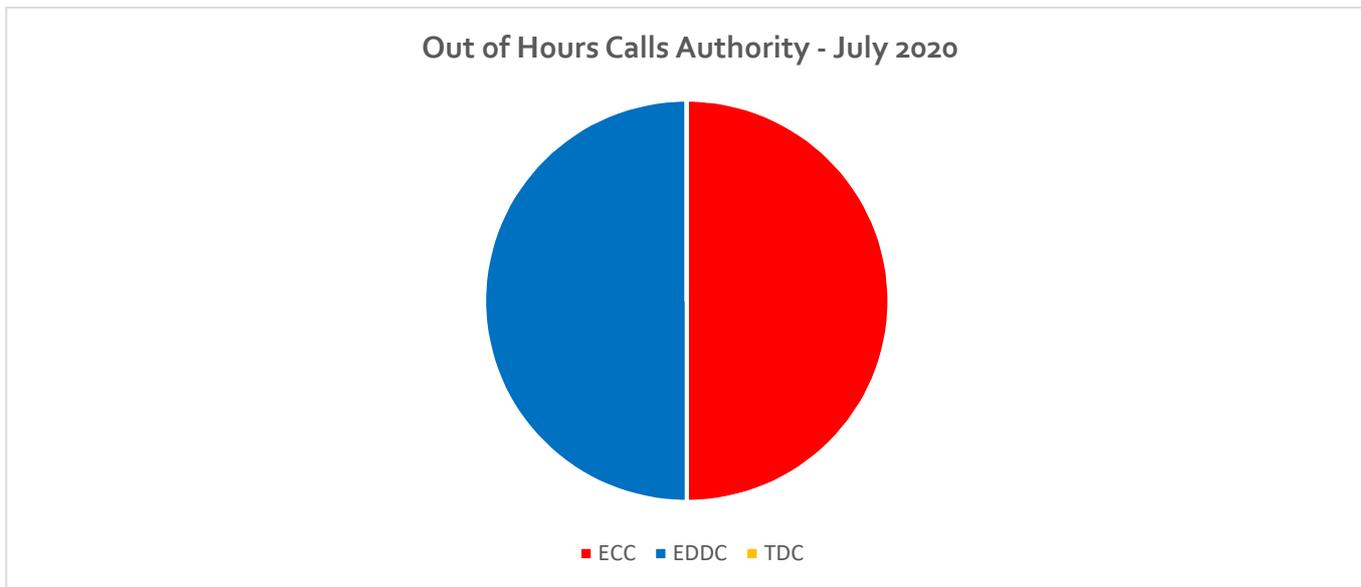
**Total Number of 1<sup>st</sup> Line Phone Calls During Month – July 2020**

Site	July 2020 - 1 <sup>st</sup> Line contact	Percentage
ECC	425	47.4%
EDDC	247	27.6%
TDC	224	25.0%
<b>Total</b>		<b>*Note rounding factor</b>



The Out of Hours service continues to remain effective and offers 24/7 support to end users.

Site	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
ECC	1	2	3	0	1	4	5	3	0	2	6	2
EDDC	3	2	5	2	2	2	2	2	4	2	4	2
TDC	4	5	2	1	2	0	2	5	0	2	0	0
<b>Total</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>3</b>	<b>5</b>	<b>6</b>	<b>9</b>	<b>10</b>	<b>4</b>	<b>6</b>	<b>10</b>	<b>4</b>



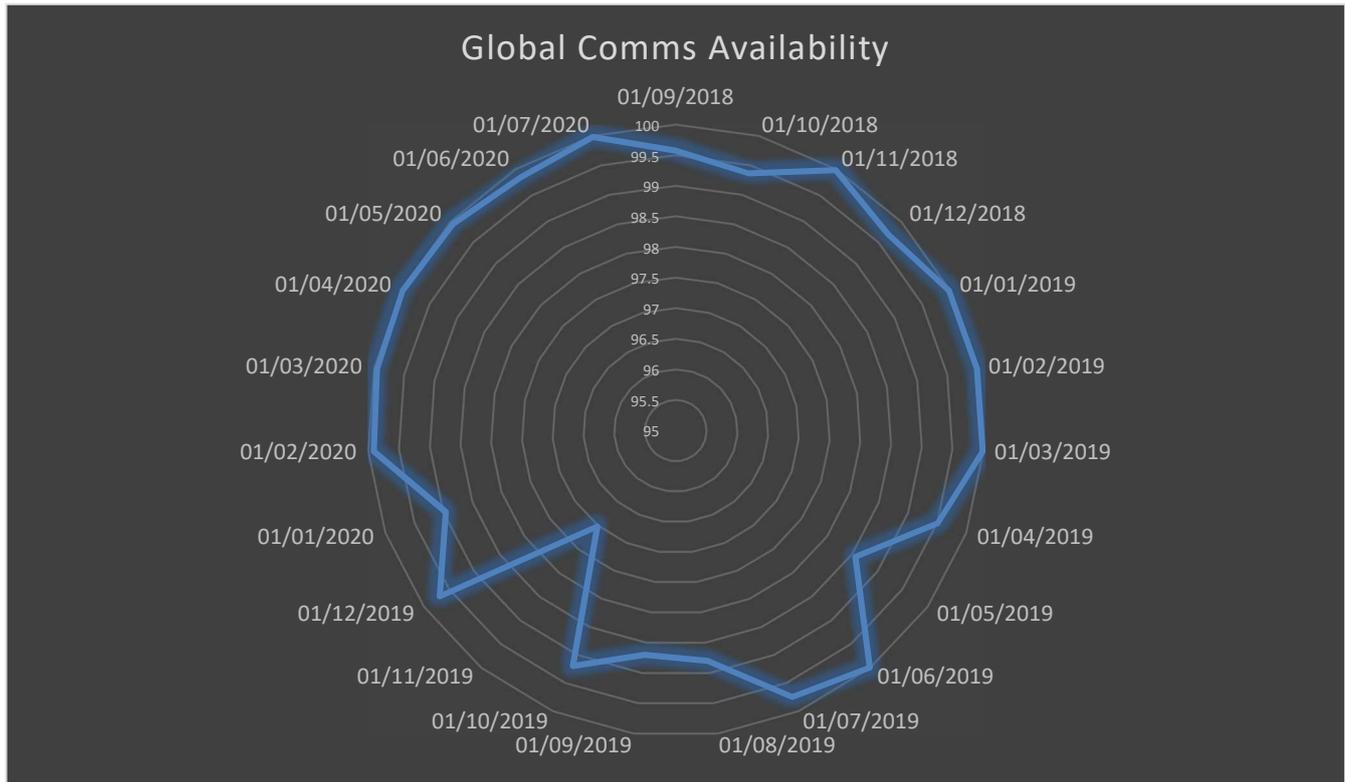
Please note: There have been 84 'Out of Hours' calls into the Strata 24/7 service over the last 12 months.

### Global Comms Telephony Platform Uptime – Last 12 Months

With the introduction of the Global Comms telephony platform, Strata report on the percentage uptime of the Global Comms environment which comprises the Skype for Business and Anywhere 365 telephony applications.

Month / Metric	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
24/7	98.8%	98.7%	99.2%	97.03%	99.7%	98.97%	99.92%	99.96%	100%	99.96%	99.86%	100.00%

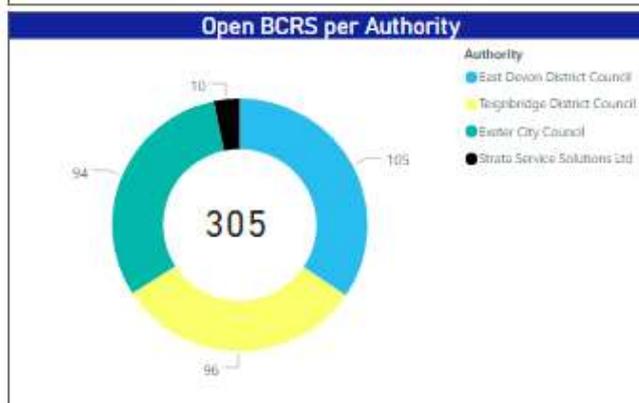
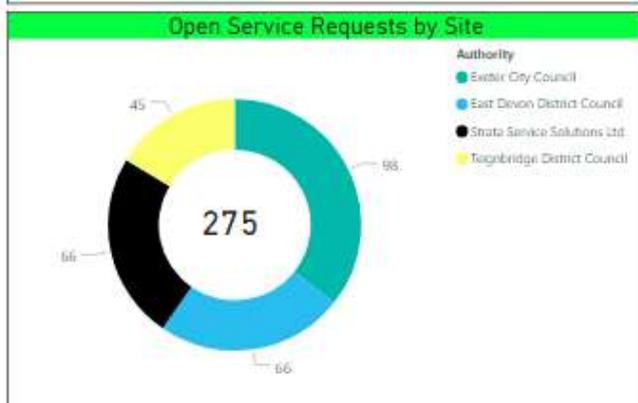
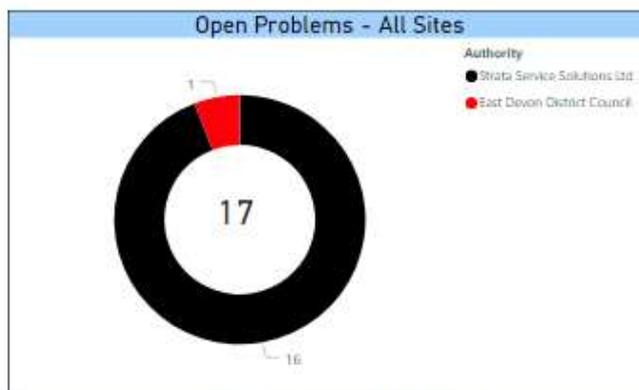
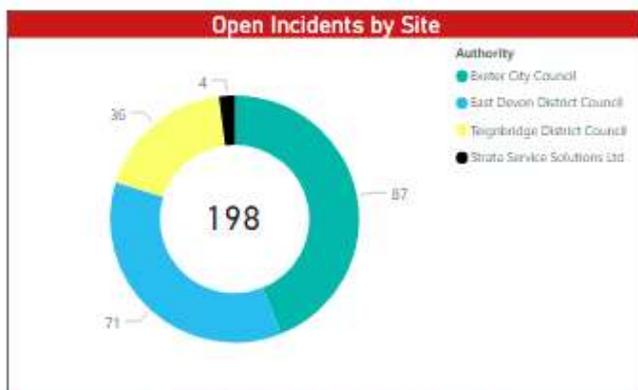
The below radar diagram shows 24/7 performance over a 12 month period, recent network related issues have impacted on the SLA, but with remedial infrastructure works, it is expected that SLA performance will increase.



## On Line - Strata Service Performance Indicators

### Service Summary

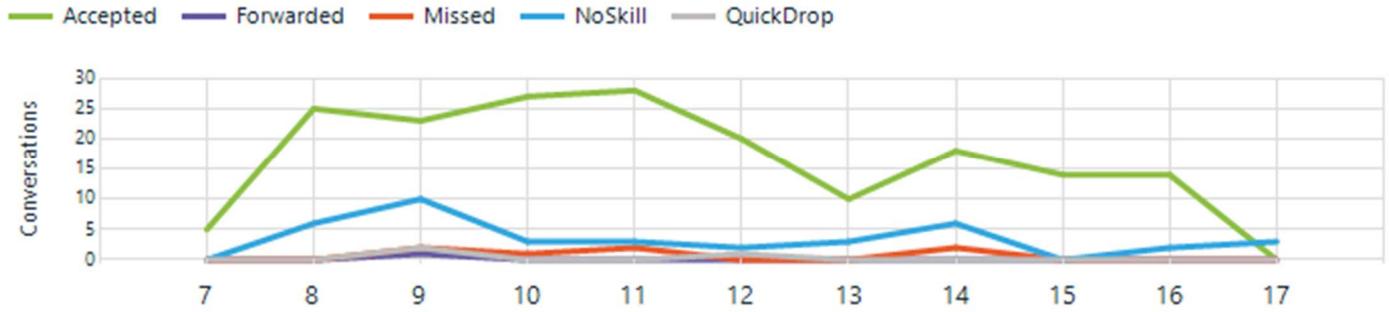
The graphic below is a snapshot on 3<sup>rd</sup> August 2020 of Open Incidents, Service Requests, Problems and BCR's as of 2<sup>nd</sup> July 2020.



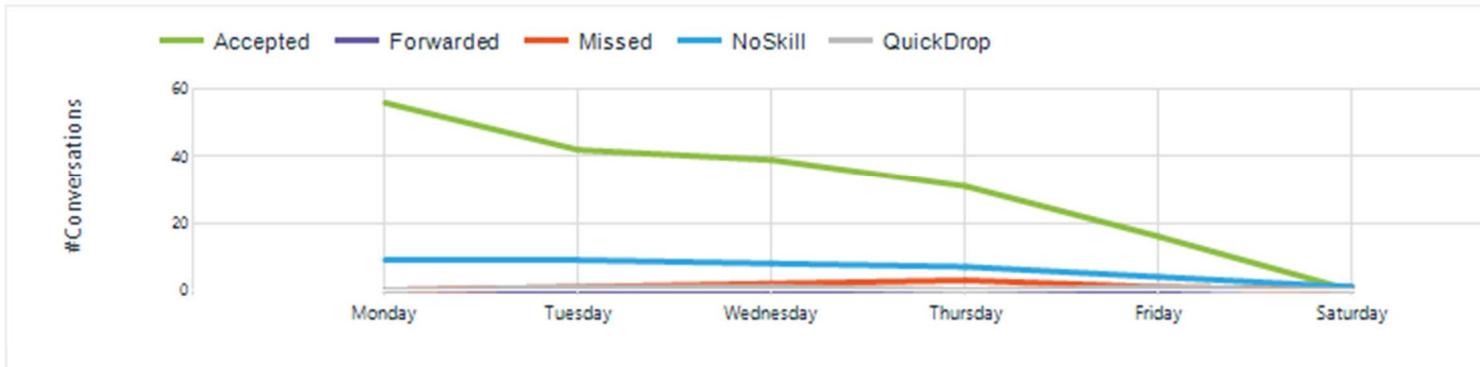
### Service Desk – Call Demand

The two graphs below shows the service desk demand by time and day during the week commencing 27<sup>th</sup> July 2020. The green lines shows the number of calls being accepted onto the service desk broken into hours by demand. These figures do not include the time of calls into the Strata Out of Hours (OOH) service. This is a one week snapshot, based on the final week of the month of July.

#### Per Hour

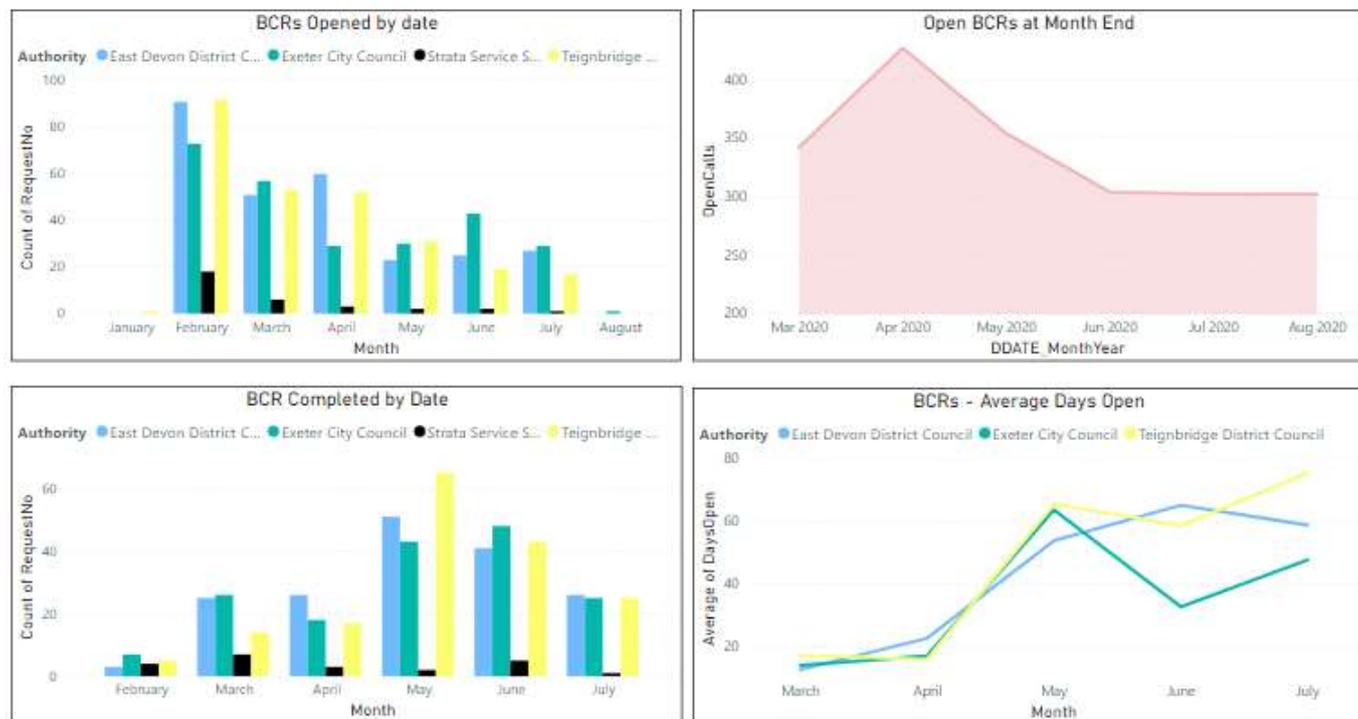
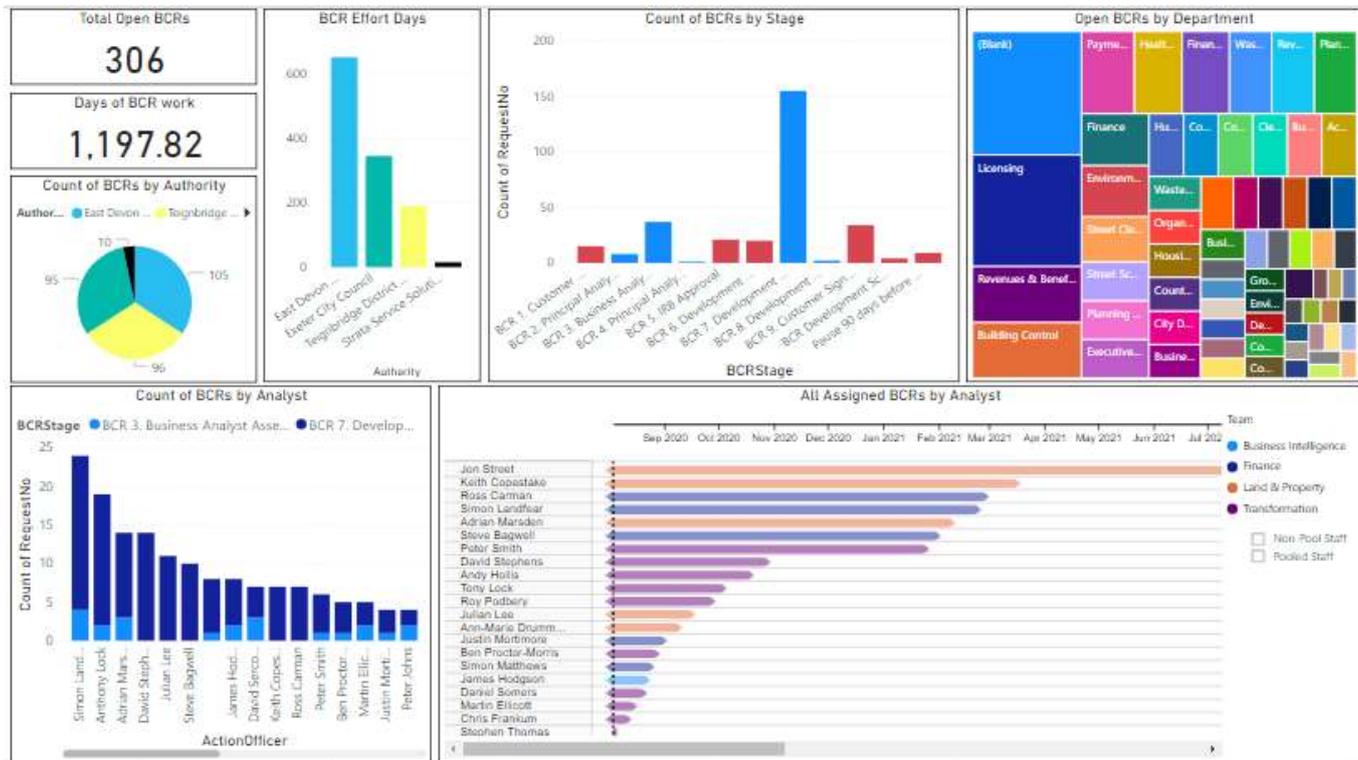


#### Per weekday



## Strata Service Performance Indicators – Business Change Requests

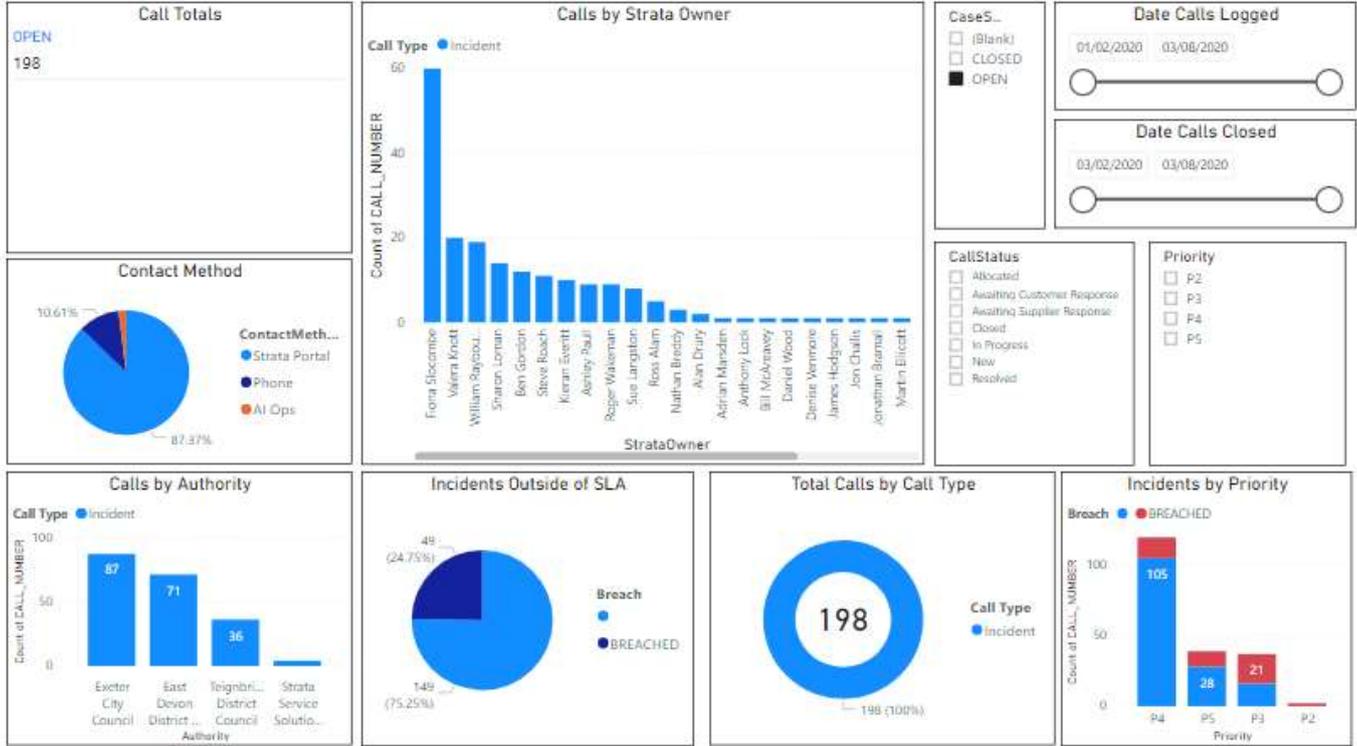
The following graphics shows the BCR queue. It should be pointed out that during July, Strata chased users to sign off BCR's which had been completed, but not signed off by the users as complete, this has pushed up the average open days figure.



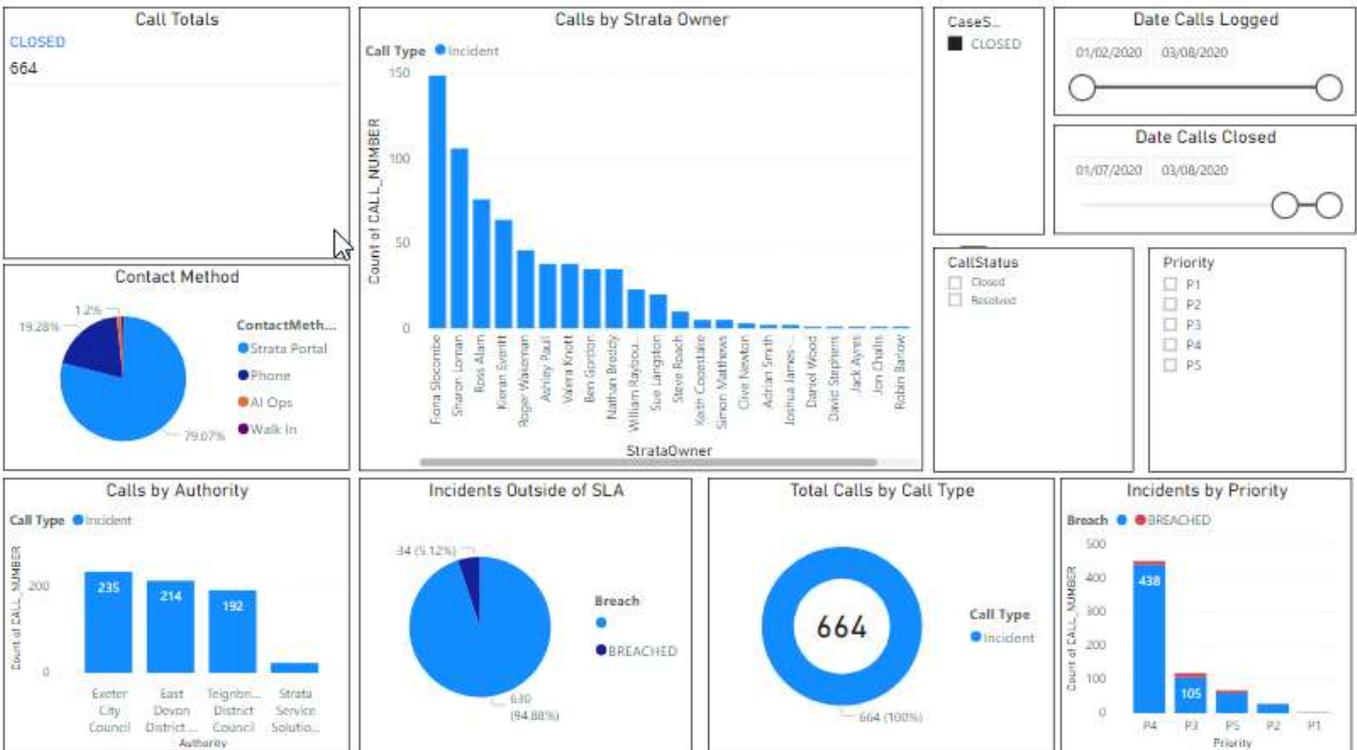
## Strata Service Performance Indicators – Incidents

The indicators show a high level of performance in relation to resolving incidents. The work undertaken to change the structure of the Service Desk to have Tier 1, Tier 2 and Tier 3 and to consolidate Tier 1 into a single Service Desk operation in Exeter has certainly paid dividends. This has freed up the 2<sup>nd</sup> line teams to focus on fixing incidents rather than having to manage incoming calls.

### OPEN INCIDENTS



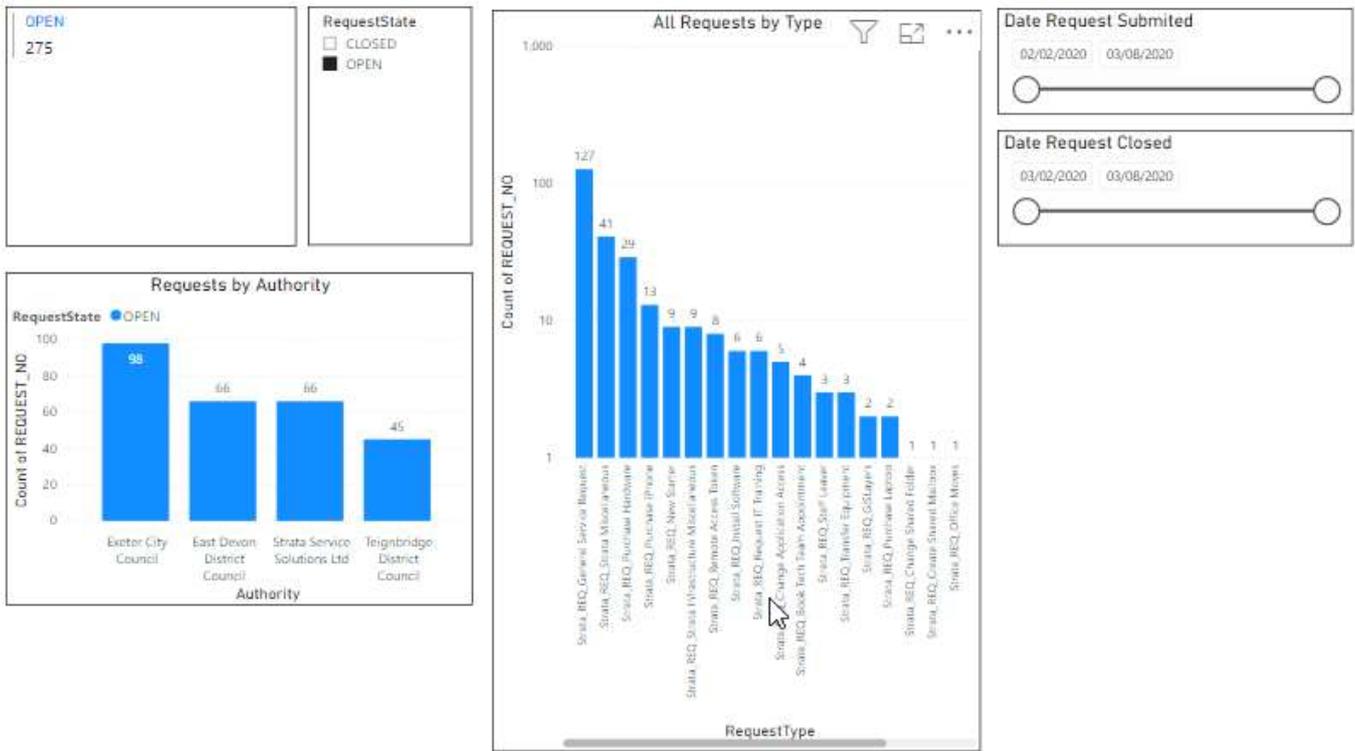
### CLOSED INCIDENTS – Closed in July 2020



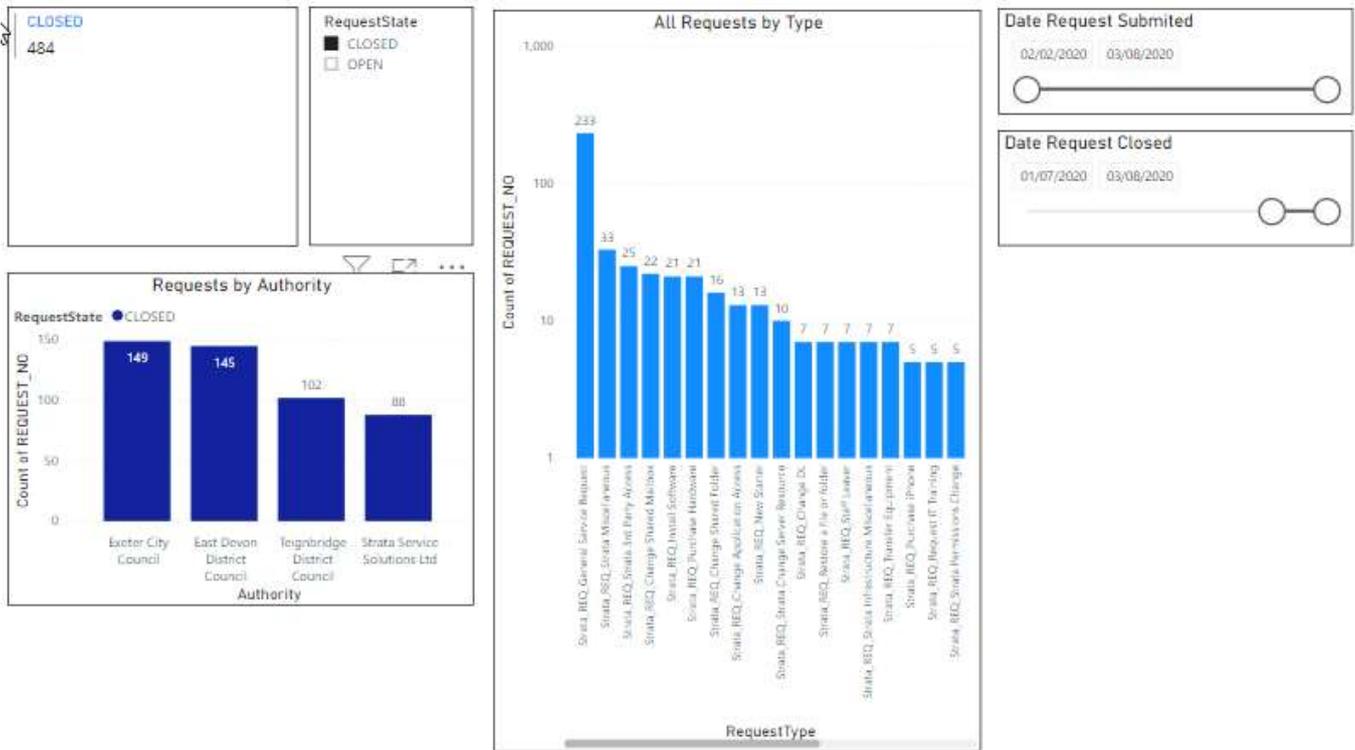
## Strata Service Performance Indicators – Service Requests

Service Requests are raised when a user requests a new service or item of hardware.

### OPEN SERVICE REQUESTS - End of July 2020



### CLOSED SERVICE REQUESTS - Closed in July 2020

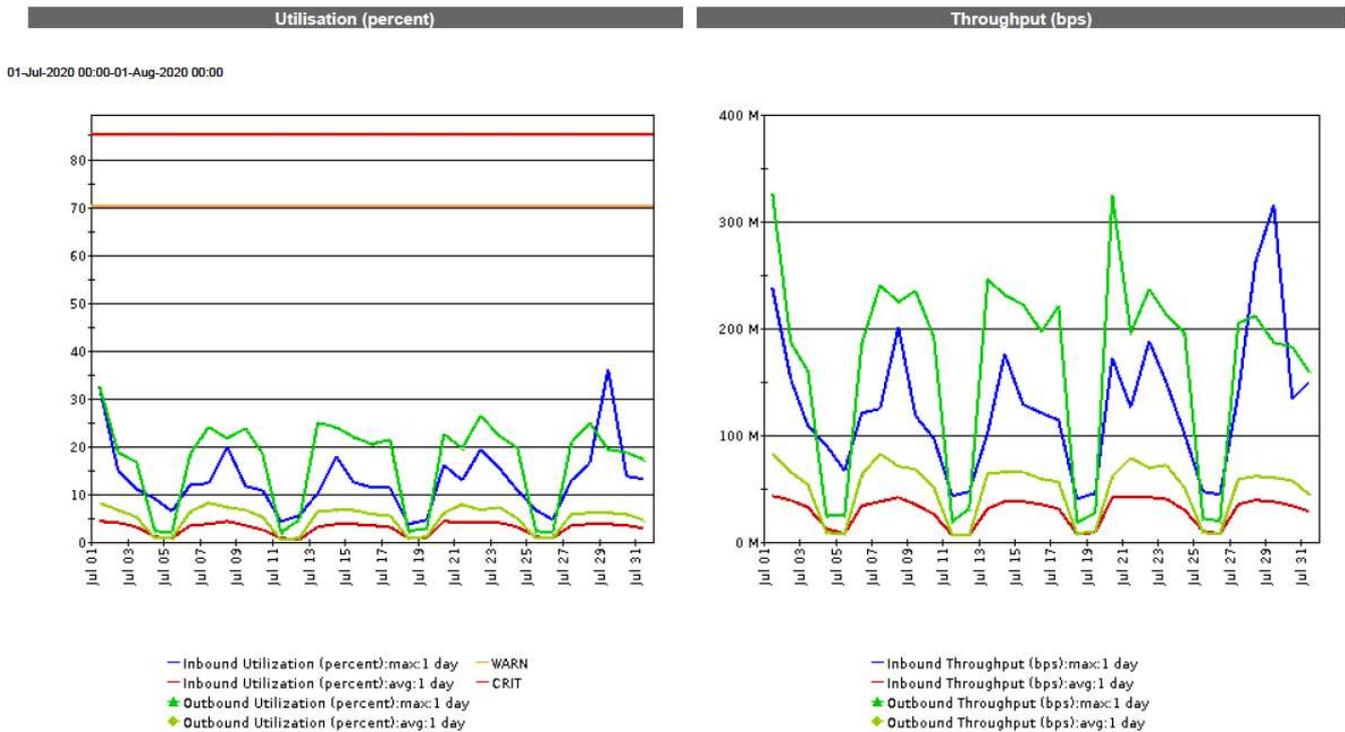


## Internet Usage

The graphs below show that the 'increased to' 1Gb capacity is now fully available and Internet usage is a much more realistic 30% capacity, this gives headroom for internet spikes which occasionally occur especially if using video conferencing applications such as Zoom.

Given current demands on the Internet on both a local and national level, it is possible that if you experience issues with performance it could be down to your local network connection, and this is outside the control of Strata, therefore to minimise such issues, we suggest that the use of services such as Netflix are limited during the working day to reduce the possible impact of contention.

We have re-issued guidance to all users outlining what can impact on bandwidth.



The above graphs show in Fig 1, the average percentage Internet utilisation and Fig 2 the amount of bps (bits per second) which flow across the Strata Internet connection (which now allows for a maximum of 1Gbps throughput).

## Customer Satisfaction

This measure is available from the Call Logging system by sending a customer satisfaction email when each job logged has been completed. We ask four primary questions and end users can score based on a scale of 0 to 5.

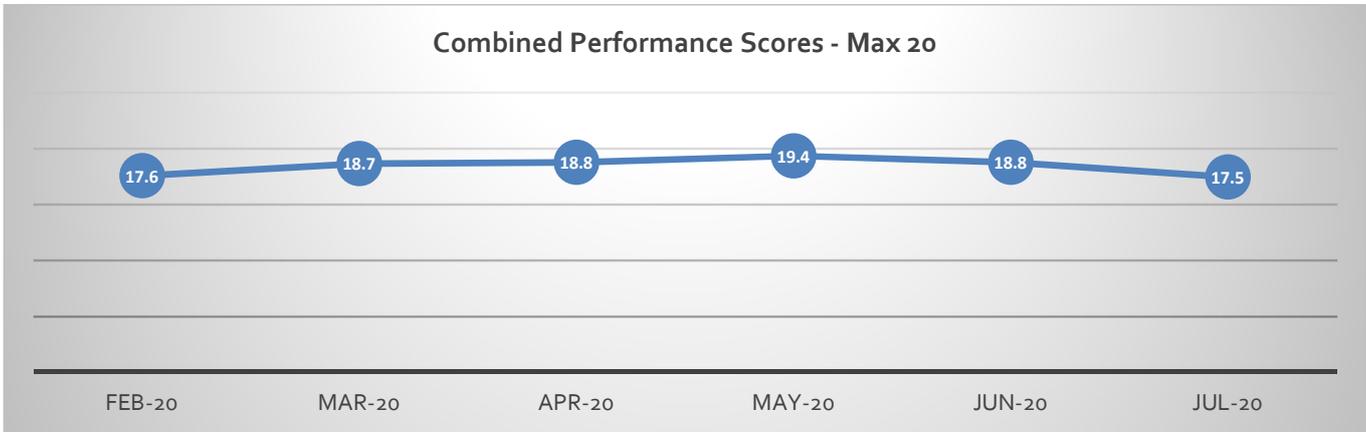
In July 2020, we received 78 responses to the customer satisfaction survey.

	Feb 2020	Mar 2020	Apr 2020	July 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020
How would you rate your overall satisfaction with the service you received	4.5	4.8	4.8	4.9	4.7	4.3			
How would you rate our communication with you through this process	4.3	4.6	4.6	4.7	4.7	4.4			
How would you rate the level of knowledge and professionalism of our staff throughout this process	4.4	4.6	4.7	4.9	4.7	4.5			
How satisfied were you with the call resolution timescale	4.4	4.7	4.7	4.9	4.7	4.3			



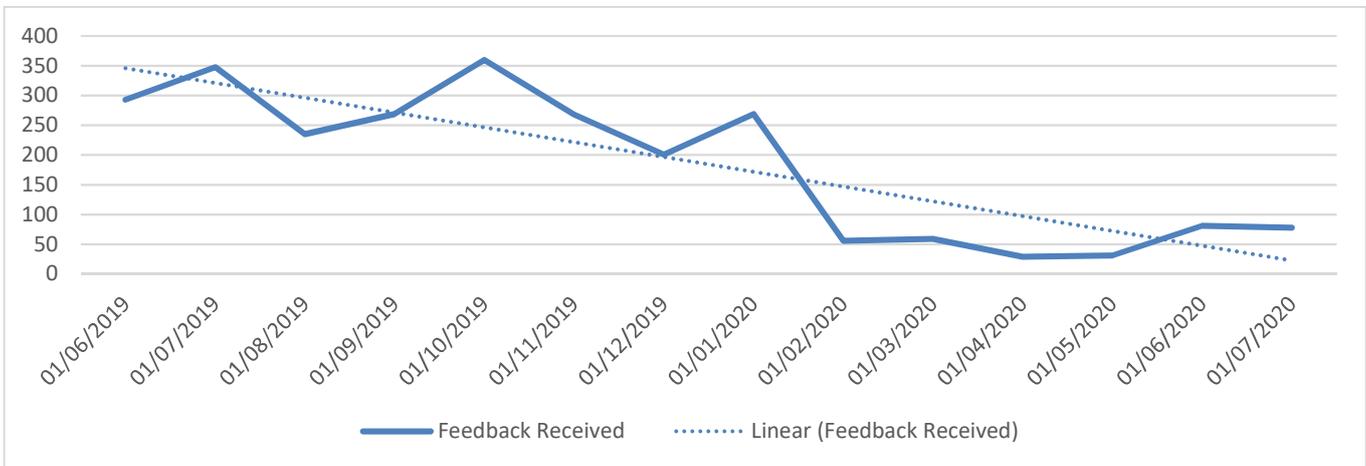
### Combined Feedback Scores

	Feb 2020	Mar 2020	Apr 2020	July 2020	Jun 2020	Jul 2020	Aug 2020	Sept 2020	Oct 2020
Combined Scores	17.6	18.7	18.8	19.4	18.8	17.5			



### Quantity of Feedback Received

	Jul 19	Aug 19	Sept 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	Jun 20	Jul 20
Feedback Received	348	235	269	360	268	201	269	56	59	29	31	81	78



## Glossary of Terms

The following terms are regularly referred to by Strata within its reports:

Term	Brief Description
AWS	Amazon Web Services
BCR	Business Change Request
CoCo	Code of Connection
DoJo	Security and Awareness knowledge package which we are starting to roll out to all staff across the three authorities.
DMR	Digital Mail Room
Global Comms	This is the new telephony platform that has been deployed across all three authorities
Global Desktop	This is the desktop environment which is deployed across all three authorities which enables users to log in at any time and at any place, supports Agile working.
GDS	Government Digital Service
iDocs	Software application now being used across the three authorities in support of mobile working and planning.
iTrent	The HR and payroll system in use in EDDC and ECC and soon to go live in TDC.
iiP	Investors in People – Strata entered the accreditation process at the Silver Level
ILM	Institute of Leadership and Management
ITIL	Information Technology Infrastructure Library
ITSM	IT Service Management
Mbps	Megabits Per Second
MHCLG	Ministry of Housing, Communities and Local Government
MPLS	Multi-Protocol Label Switching
PSN	Public Service Network
Service Request	A request for a new service, i.e. application / item of hardware
Incident	Strata's name for an issue reporting into the Service Desk
OOH	Strata Out of Hours Service
Problem	Strata's name for an Incident where a workaround has been implemented, but the core problem not resolved – this definition has now been replaced.
SLA	Service Level Agreement
Service Desk Tier 1	When a user calls into the Strata service desk, calls are logged and investigated but Strata service desk specialists.
Service Desk Tier 2	Should a visit be need to a user or if the Tier 1 specialist cannot resolve an issue, the calls are passed to a Tier 2 specialist.
Service Desk Tier 3	If a more detailed investigation is required, then a Strata Tier 3 specialists will be assigned to the incident.
VDI	Virtual Desktop Environment – Global Desktop
vFire	Strata's new Service Management platform

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

**DATE OF MEETING:** 8 SEPTEMBER 2020  
22 SEPTEMBER 2020

**PUBLICATION DATE:** 17 AUGUST 2020

**REPORT OF:** STRATA FINANCE

**SUBJECT:** STRATA BUDGET MONITORING – QUARTER 1 2020/21

**1. PURPOSE**

- 1.1 This report advises on the financial position of Strata at the end of 2020-21, including both revenue and capital spend.

**2. BACKGROUND**

- 2.1 The Company has been given a total of £6.60 million to run the IT Services in 2020/21 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 June 2020**

**3.1 Savings as per Business Plan**

The 2017-18 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.

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

		<b>Capital Expenditure Savings</b>	<b>Projected Revenue Savings</b>	<b>Actual Revenue Savings</b>	<b>Variance</b>
2015-16	Year 1	(443,932)	(262,098)	(232,000)	<b>30,098</b>
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	<b>(80,000)</b>
2017-18	Year 3	(358,222)	(252,836)	(565,000)	<b>(312,164)</b>
2018-19	Year 4	(459,609)	(381,961)	(620,000)	<b>(238,039)</b>
2019-20	Year 5	(129,300)	(853,888)	(1,073,529)**	<b>(219,641)</b>
2020-21	Year 6	867,962	(696,167)		
2021-22	Year 7	(138,000)	(662,091)		
2022-23	Year 8	(9,884)	(701,005)		
2023-24	Year 9	(196,902)	(825,202)		
2024-25	Year 10	(374,300)	(908,996)		
<b>Total</b>		<b>(1,554,709)</b>	<b>(5,564,244)</b>	<b>(2,590,529)</b>	<b>(819,746)</b>

\* 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.

\*\* Strata reduced the payments for the Councils by £500,000 at the start of the year.

### 3.2 Key Variations from Revenue Budget (Appendix A)

In order to support the Councils during this difficult year, Strata has identified a further £320,000 of in year reductions through temporarily keeping posts vacant, reduced travel and better contract management. The latest projection estimates that Strata are some £50,000 short of this increased target, but further staff changes are expected to close the gap over the remainder of the year. The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(159,003)	<ul style="list-style-type: none"> <li>Some staff budgeted for in the business plan have been charged to capital;</li> <li>Lower overtime costs;</li> <li>Some posts being kept vacant until the new financial year.</li> </ul>
Supplies & Services	9,225	<ul style="list-style-type: none"> <li>Generally on track.</li> </ul>

Expenditure Type	Projected Over / (Underspend)	Detail
Transport	(23,215)	<ul style="list-style-type: none"> <li>• Lower travel costs as a result of homeworking.</li> </ul>
Income - Revenue	224,584	<ul style="list-style-type: none"> <li>• Income for staff working on projects accounted for as capital grant, not revenue;</li> <li>• Further reduction in telephone income;</li> <li>• Reduced Document Centre recharges.</li> </ul>

### 3.3 Key Variations from Capital Budget

Strata's capital budgets are separated into two sections. The original infrastructure set out in the Business Plan as updated using the annual contribution from Councils and projects, either convergence or Council specific. The Company has received capital funds to finance all projects along with £150,000 a year towards improvements to the main network.

### 3.4 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.

### 3.5 Statement of Accounts

The final Statement of Accounts are shown at Appendix B. These Statutory Accounts show the true financial position of the Company and are affected by items not included in the management accounts such as the Pension Fund deficit and depreciation. The Accounts were approved by the Board on 19 June 2020.

## RECOMMENDATIONS

### 4.1 That the Joint Executive Committee note the contents of the report.

<p><b>Dave Hodgson</b>  <b>Director (Finance Lead)</b></p>	<p><b>Contact details</b>  <b>Tel: 01392 265292</b>  <b>E-mail: david.hodgson@exeter.gov.uk</b></p>
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## STRATA SERVICE SOLUTIONS - REVENUE BUDGET

	REVISED REVENUE BUDGET	ACTUAL & COMMITMENTS	OUTTURN	VARIANCE
	£	£	£	£
EMPLOYEES	3,010,815	693,872	2,851,812	(159,003)
SUPPLIES & SERVICES	3,133,439	1,934,225	3,142,664	9,225
TRANSPORT	26,000	696	2,785	(23,215)
SUPPORT SERVICES	60,000	0	60,000	0
TAX ON INTEREST	950	0	950	0
INCOME - REVENUE	(6,769,637)	(1,671,673)	(6,545,053)	224,584
INVESTMENT INTEREST	(5,000)	0	(5,000)	0
<b>Net Income</b>	<b>(543,433)</b>	<b>957,121</b>	<b>(491,841)</b>	<b>51,592</b>

## 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
SC060	VDI Infrastructure	150,000	80,037	80,037	(69,963)
SC002	C DATA CENTRE - HARDWARE	113,200	240,987	240,987	127,787
SC003	C DATA CENTRE - SOFTWARE	860,000	975,950	975,950	115,950
SC006	C SERVICE DESK	7,000	30,524	30,524	23,524
SC007/24/32	C Telecoms (incl contact centre)	268,623	254,837	254,837	(13,786)
SC009	C SECURITY	87,150	56,850	56,850	(30,300)
	Capital Funds	(2,038,996)	(2,945,210)	(2,945,210)	(906,214)
		<b>0</b>	<b>(279,201)</b>	<b>(279,201)</b>	<b>(279,201)</b>
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	181,036	181,036	(4,964)
SC022	EDDC Housing Management System	158,960	138,483	138,483	(20,477)
SC017	ECC Housing Management System	125,000	264,152	264,152	139,152
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	275,381	275,381	211,338
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	0
SC038/42	C Car Park Convergence	10,000	73,988	73,988	63,988
SC043	TDC Modern Gov	16,850	16,823	16,823	(28)
SC045	ECC switch replacement	125,000	96,052	96,052	(28,948)
SC046	TDC Reception Management	10,000	9,293	9,293	(707)
SC047	TDC Mobile Working Project	18,500	18,205	18,205	(295)
SC049	C Cemeteries convergence project	30,000	9,798	9,798	(20,202)
SC050	C GIS systems convergence	5,000	2,618	2,618	(2,382)
SC051	EDDC Modern Gov	17,150	17,150	17,150	0
SC052	EDDC Firmstep	150,000	140,925	140,925	(9,075)
SC053	Finance Systems Convergence	1,000,000	91	91	(999,909)
SC054	ECC-Income Management System	58,550	22,205	22,205	(36,345)
SC055	C IDOX - Env Health Convergence	60,000	58,855	58,855	(1,145)
SC056	ECC - Agile & Flexible working	300,000	268,927	268,927	(31,073)
SC057	Legal Claims Management convergence	68,000	65,346	65,346	(2,654)
	Capital Funds	(2,162,715)	(2,104,930)	(2,104,930)	57,785
	<b>Net Expenditure</b>	<b>1,503,628</b>	<b>604,991</b>	<b>604,991</b>	<b>(898,637)</b>

## COUNCIL RECHARGE

	ACTUAL TO DATE
	£
EMPLOYEES	6,000
SUPPLIES & SERVICES	197,624
TRANSPORT	
INCOME	(106,143)
<b>TO BE RECHARGED TO COUNCILS</b>	<b>97,481</b>

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**Strata Service Solutions Limited**

**Annual Report and Financial Statements  
Year Ended 31 March 2020**

**Registration number: 09041662**

# Strata Service Solutions Limited

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# Strata Service Solutions Limited

## Company Information

<b>Directors</b>	Mr S P I Davey Mr R D Hodgson Mr P Nicholls
<b>Registered office</b>	Civic Centre Paris Street Exeter Devon EX1 1JN
<b>Auditors</b>	PKF Francis Clark Centenary House Peninsula Park Rydon Lane Exeter Devon EX2 7XE

# Strata Service Solutions Limited

## Strategic Report for the Year Ended 31 March 2020

The directors present their strategic report for the year ended 31 March 2020.

### Principal activity

The principal activity of the company is the provision of information technology services to East Devon District Council, Teignbridge District Council and Exeter City Council.

### Fair review of the business

Turnover for the year amounted to £7,341,744 (2019: £7,566,609) with a loss before taxation for the year of £1,160,170 (2019: loss of £1,180,890). Net current assets are £1,063,056 (2019: £992,567) but the company has net liabilities totalling £5,360,801 (2019: £6,103,568) due to the defined pension liability. In spite of the loss and net liability position, the Directors are satisfied that the guarantee provided by the three owner Council's in respect of the Pension Fund liabilities means that the Company can continue to trade and invest in the infrastructure required to grow the Company.

The Company's mutual trading status means that it only conducts business with the three owner Councils.

Performance in the year exceeded the Business Plan expectations, and resulted in delivery of a £1 million benefit to the Owners. Half of this was delivered up front in the form of reduced payments, which resulted in the lower turnover for the year. Additional savings were achieved through renegotiating a number of contracts, principally mobile phone contracts for the owners, the benefits of which are delivered directly to the owners and are in addition to the £1 million delivered by the Company. Over the life of the Company, it has delivered refunds to the Councils totalling £2.590 million well in excess of the targets set out in the original Business Plan.

The Directors draw attention to the fact that the Balance Sheet of the Company would be positive, if it were not for the Defined Pension Liability. It is a requirement of the Owners to offer this to our employees and as such it is backed by a full guarantee.

In summary, the Company has again exceeded expectations from a financial perspective, whilst continuing to deliver the other objectives required by the owners.

### Principal risks and uncertainties

The Company is owned by three Local Authorities. Budgets are fixed and must therefore be managed tightly, to deliver the objectives set for the Company.

The restrictions in place to protect the nation against Covid 19 are expected to have a significant effect on the income generated within the three owner Councils. This will require significant reduction in expenditure if further support is not forthcoming from Central Government. At this stage the Councils have not indicated that they will be reducing their payments to the Company and it is not anticipated that this will happen. At worst the Councils may seek an additional refund and the Company is prepared for this and has identified options, which will not impact on the operational or financial performance of the Company.

As the owners are Local Authorities, they are subject to political change, which can affect the Company. If political change does take place in one of the owners, there is still a requirement to give 18 months' notice after the end of the three year period prior to leaving the Company, which should allow for a full assessment of the Company moving forward. In reality, however, as the three Councils have merged the infrastructure on which they run their respective businesses, it would be financially challenging for one of the Councils to serve notice. A Council would have to put in place alternate infrastructure and compensate the other authorities for the additional costs that they would incur going forward. Further details are given in the accounting policies under Going Concern.

## Strata Service Solutions Limited

### Strategic Report for the Year Ended 31 March 2020

Approved by the Board on <sup>19.06.20</sup>..... and signed on its behalf by:



.....  
Mr R D Hodgson  
Director

## Strata Service Solutions Limited

### Directors' Report for the Year Ended 31 March 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

#### **Directors of the company**

The directors who held office during the year were as follows:

Mr S P I Davey

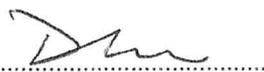
Mr R D Hodgson

Mr P Nicholls

#### **Disclosure of information to the auditors**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 19.06.20 and signed on its behalf by:



.....  
Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

#### **Opinion**

We have audited the financial statements of Strata Service Solutions Limited (the 'company') for the year ended 31 March 2020, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

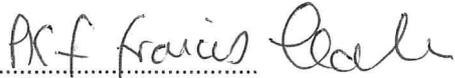
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Strata Service Solutions Limited

### Independent Auditor's Report to the Members of Strata Service Solutions Limited

#### Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

  
.....  
Stephanie Henshaw (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Centenary House  
Peninsula Park  
Rydon Lane  
Exeter  
Devon  
EX2 7XE

Date: 14/7/20

## Strata Service Solutions Limited

### Profit and Loss Account

Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	3	7,341,744	7,566,609
Cost of sales		<u>(3,551,672)</u>	<u>(3,264,324)</u>
Gross profit		3,790,072	4,302,285
Administrative expenses		<u>(4,794,101)</u>	<u>(5,320,268)</u>
Operating loss	4	(1,004,029)	(1,017,983)
Other interest receivable and similar income		10,859	8,093
Interest payable and similar charges	7	<u>(167,000)</u>	<u>(171,000)</u>
Loss before tax		(1,160,170)	(1,180,890)
Taxation	8	<u>(2,063)</u>	<u>(1,538)</u>
Loss for the financial year		<u><u>(1,162,233)</u></u>	<u><u>(1,182,428)</u></u>

The notes on pages 14 to 25 form an integral part of these financial statements.

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## Strata Service Solutions Limited

### Statement of Comprehensive Income

Year Ended 31 March 2020

	Note	2020 £	2019 £
Loss for the year		(1,162,233)	(1,182,428)
Remeasurement (loss)/gain on defined benefit pension schemes	14	<u>1,905,000</u>	<u>398,000</u>
Total comprehensive income for the year		<u><u>742,767</u></u>	<u><u>(784,428)</u></u>

The notes on pages 14 to 25 form an integral part of these financial statements.  
Page 10

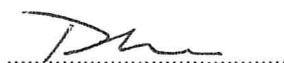
# Strata Service Solutions Limited

## Balance Sheet

31 March 2020

	Note	2020 £	2019 £
<b>Fixed assets</b>			
Intangible assets	9	1,428,986	1,522,699
Tangible assets	10	<u>722,837</u>	<u>696,032</u>
		<u>2,151,823</u>	<u>2,218,731</u>
<b>Current assets</b>			
Stocks		9,219	10,503
Debtors	11	1,959,454	1,743,598
Cash at bank and in hand		<u>271,259</u>	<u>1,220,725</u>
		2,239,932	2,974,826
<b>Creditors: Amounts falling due within one year</b>	12	<u>(1,176,876)</u>	<u>(1,982,259)</u>
<b>Net current assets</b>		<u>1,063,056</u>	<u>992,567</u>
<b>Total assets less current liabilities</b>		3,214,879	3,211,298
<b>Deferred income</b>	12	<u>(2,650,680)</u>	<u>(2,332,866)</u>
<b>Net assets excluding pension liability</b>		564,199	878,432
Net pension liability	14	<u>(5,925,000)</u>	<u>(6,982,000)</u>
<b>Net liabilities</b>		<u>(5,360,801)</u>	<u>(6,103,568)</u>
<b>Capital and reserves</b>			
Called up share capital	16	3	3
Capital contribution reserve	15	-	240,453
Profit and loss account	15	<u>(5,360,804)</u>	<u>(6,344,024)</u>
<b>Total equity</b>		<u>(5,360,801)</u>	<u>(6,103,568)</u>

Approved and authorised by the Board on 19.06.20 and signed on its behalf by:



Mr R D Hodgson  
Director

Company Registration Number: 09041662

## Strata Service Solutions Limited

### Statement of Changes in Equity

Year Ended 31 March 2020

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2019	3	240,453	(6,344,024)	(6,103,568)
Loss for the year	-	-	(1,162,233)	(1,162,233)
Other comprehensive income	-	-	1,905,000	1,905,000
Total comprehensive income	-	-	742,767	742,767
Transfer to profit and loss reserve	-	(240,453)	240,453	-
At 31 March 2020	<u>3</u>	<u>-</u>	<u>(5,360,804)</u>	<u>(5,360,801)</u>

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2018	3	668,553	(5,987,696)	(5,319,140)
Loss for the period	-	-	(1,182,428)	(1,182,428)
Other comprehensive income	-	-	398,000	398,000
Total comprehensive income	-	-	(784,428)	(784,428)
Transfer to profit and loss reserve	-	(428,100)	428,100	-
At 31 March 2019	<u>3</u>	<u>240,453</u>	<u>(6,344,024)</u>	<u>(6,103,568)</u>

The notes on pages 14 to 25 form an integral part of these financial statements.  
Page 12

# Strata Service Solutions Limited

## Statement of Cash Flows

Year Ended 31 March 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,162,233)	(1,182,428)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	994,883	1,091,684
Loss on disposal of intangible assets		-	4,324
Finance income		(10,859)	(8,093)
Finance costs	7	167,000	171,000
Corporation tax	8	2,063	1,538
		<u>(9,146)</u>	<u>78,025</u>
Working capital adjustments			
Net pension movement	14	681,000	457,000
Decrease in stocks		1,284	3,040
Increase in trade debtors	11	(215,856)	(225,312)
(Decrease)/increase in trade creditors	12	(805,908)	64,118
Increase in deferred income		317,814	283,673
		<u>317,814</u>	<u>283,673</u>
Cash generated from operations		(30,812)	660,544
Corporation tax paid		<u>(1,538)</u>	<u>(1,212)</u>
Net cash flow from operating activities		<u>(32,350)</u>	<u>659,332</u>
<b>Cash flows from investing activities</b>			
Interest received		10,859	8,093
Acquisitions of tangible assets		(404,144)	(301,577)
Acquisition of intangible assets		<u>(523,831)</u>	<u>(547,838)</u>
Net cash flows from investing activities		<u>(917,116)</u>	<u>(841,322)</u>
Net decrease in cash and cash equivalents		(949,466)	(181,990)
Cash and cash equivalents at 1 April		<u>1,220,725</u>	<u>1,402,715</u>
Cash and cash equivalents at 31 March		<u><u>271,259</u></u>	<u><u>1,220,725</u></u>

The notes on pages 14 to 25 form an integral part of these financial statements.  
Page 13

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its principal place of business and registered office is:

Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of accounting and statement of compliance

The company's financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland.

There are no material departures from FRS 102.

The functional currency of Strata Service Solutions Limited is considered to be pounds sterling because that is the currency of the economic environment in which the company operates.

#### Going concern

On formation of the company, the three sponsoring councils signed up to an agreement for an initial three year period with agreed annual revenue contributions which ended on 1 November 2017. Since then, the agreement has been that the three councils are required to give 18 months' notice to terminate the service provision. To date no council has indicated a desire to serve notice.

The intention of the directors is to offer the councils an extension to the existing agreement, with an updated funding proposal and they have no reason to expect that this will not be accepted.

In addition the councils have provided guarantees to meet their share of their respective liabilities to the pension scheme in the event of insolvency of the company. This means that the pension deficit does not impact on the financial health of the Company in that there is no requirement for the Company to be able to cover the deficit. The Company is only liable for the actual payments made to the Pension Fund in each year, which are provided for in the funding agreement with the Owners.

The nature of the agreement with the councils means that no profit (ignoring the impact of pensions) is retained in the Company, therefore this has a negative impact on the financial position of the Company. Without the pension liability, the Company would have a positive Balance Sheet.

# Strata Service Solutions Limited

## Notes to the Financial Statements

### Year Ended 31 March 2020

Each year the Company produces a Business Plan, setting out projected financial returns for the following five year period based on the agreed funding mechanism. The latest Business Plan runs to 2024-25 and projects a positive financial position in each year. This is based on known cost pressures and income increases in line with inflation. As the Company is set up to deliver savings to the Owners there is a significant buffer of income in excess of £0.5 million in each year of the plan, which will protect the Company from risks to its going concern status.

The impact of Covid 19 on the business has been considered. The company is continuing to trade as usual, subject to social distancing requirements, and this is expected to continue to be the case as the councils continue to operate and require support. Further, there has been no change to the support from the three councils as detailed above. Whilst the restrictions put in place have had a significant impact on the owners' income, the continuing provision of an effective IT support system is critical to Council's operational and strategic response. Whilst some additional reduction in costs may be required, the Directors and management team have identified a number of options which will not impact on the operational or financial performance of the Company. The directors therefore do not believe that Covid 19 will have an impact on the company's ability to continue trading.

On this basis, the directors have prepared the financial statements on a going concern basis.

#### **Key sources of estimation uncertainty**

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

The items in the financial statement where these judgements and estimates have been made include:

Due to advancements in technology the estimation of the useful economic life of intangible assets, which predominately are made up of software, is deemed to be a key estimate. The carrying amount is £1,428,986 (2019 - £1,522,699).

Due to advancements in technology the estimation of the useful economic life of tangible assets, which predominately are made up of computer equipment, is deemed to be a key estimate. The carrying amount is £722,837 (2019 - £696,032).

Defined benefit pension liability - assumptions surrounding the discount rate, future salary increases, inflation and future pension increased are considered key estimates. The carrying amount is £(5,925,000) (2019 - £(6,982,000)).

#### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of information technology services to the relevant councils. Turnover is shown net of value added tax, returns, rebates and discounts. Fees are invoiced quarterly and recognised in the period to which they relate. Revenue is accrued or deferred as appropriate.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### Government grants

Government grants relating to fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the expenditure is incurred.

### Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer equipment	5-10 years straight line

### Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software	5 years straight line

### Stocks

Stocks represent consumable stock and are carried at cost less provision for impairment.

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### Defined benefit pension obligation

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

### Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

The company holds the following basic financial instruments:

- Short term trade and other debtors and creditors

These instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations, all of which is attributable to the United Kingdom, is as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Fee income	6,665,094	7,000,867
Grant income	676,650	565,742
	<u>7,341,744</u>	<u>7,566,609</u>

### 4 Operating loss

Arrived at after charging

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Depreciation expense	377,339	395,801
Amortisation expense	617,544	695,883
Loss on disposal of intangible fixed assets	-	4,324
	<u>-</u>	<u>4,324</u>

## Strata Service Solutions Limited

### Notes to the Financial Statements

Year Ended 31 March 2020

#### 5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,233,502	2,171,712
Social security costs	219,060	210,987
Pension costs, defined benefit scheme	1,034,000	788,000
	<u>3,486,562</u>	<u>3,170,699</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
Administration and support	<u>76</u>	<u>74</u>

#### 6 Auditor's remuneration

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Audit of the financial statements	<u>5,500</u>	<u>5,500</u>

#### 7 Interest payable and similar expenses

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Net finance costs in respect of defined benefit pension scheme	<u>167,000</u>	<u>171,000</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 8 Taxation

Tax charged in the profit and loss account

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	<u>2,063</u>	<u>1,538</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(1,160,170)</u>	<u>(1,180,890)</u>
Corporation tax at standard rate	(220,432)	(224,369)
Effect of expense not deductible in determining taxable profit (tax loss)	<u>222,495</u>	<u>225,907</u>
Total tax charge	<u>2,063</u>	<u>1,538</u>

By virtue of its members, the company has been set up as a mutual trading company and as such the tax charge for the year is only applied to its external investment income.

### 9 Intangible assets

	Software £	Total £
<b>Cost or valuation</b>		
At 1 April 2019	4,034,751	4,034,751
Additions	<u>523,831</u>	<u>523,831</u>
At 31 March 2020	<u>4,558,582</u>	<u>4,558,582</u>
<b>Amortisation</b>		
At 1 April 2019	2,512,052	2,512,052
Amortisation charge	<u>617,544</u>	<u>617,544</u>
At 31 March 2020	<u>3,129,596</u>	<u>3,129,596</u>
<b>Carrying amount</b>		
At 31 March 2020	<u>1,428,986</u>	<u>1,428,986</u>
At 31 March 2019	<u>1,522,699</u>	<u>1,522,699</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 10 Tangible assets

	<b>Computer equipment £</b>	<b>Total £</b>
<b>Cost or valuation</b>		
At 1 April 2019	2,252,494	2,252,494
Additions	404,144	404,144
Disposals	<u>(160,474)</u>	<u>(160,474)</u>
At 31 March 2020	<u>2,496,164</u>	<u>2,496,164</u>
<b>Depreciation</b>		
At 1 April 2019	1,556,462	1,556,462
Charge for the year	377,339	377,339
Eliminated on disposal	<u>(160,474)</u>	<u>(160,474)</u>
At 31 March 2020	<u>1,773,327</u>	<u>1,773,327</u>
<b>Carrying amount</b>		
At 31 March 2020	<u>722,837</u>	<u>722,837</u>
At 31 March 2019	<u>696,032</u>	<u>696,032</u>

### 11 Debtors

	<b>2020 £</b>	<b>2019 £</b>
Trade debtors	357,453	35,298
Other debtors	11,511	5,705
Prepayments and accrued income	<u>1,590,490</u>	<u>1,702,595</u>
	<u>1,959,454</u>	<u>1,743,598</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 12 Creditors

	2020 £	2019 £
<b>Due within one year</b>		
Trade creditors	11,236	385,371
Corporation tax	2,063	1,538
Social security and other taxes	131,249	113,532
Other creditors	2,677	20,023
Accrued expenses	1,029,651	1,461,795
	<u>1,176,876</u>	<u>1,982,259</u>
<b>Deferred income</b>		
Government grants	<u>2,650,680</u>	<u>2,332,866</u>

### 13 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	87,889	86,110
Later than one year and not later than five years	165,762	241,002
Later than five years	1,971	8,801
	<u>255,622</u>	<u>335,913</u>

Lease payments recognised as an expense in the year were £86,110 (2019: £51,270).

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 14 Pension and other schemes

#### Defined benefit pension schemes

##### Local Government Pension Scheme (LGPS)

The assets and liabilities of the scheme were transferred to the company on 1 November 2014 when the employees, who are members of the scheme, were transferred to the company from East Devon District Council, Teignbridge District Council and Exeter City Council. As part of the arrangements for the transfer, the Councils have provided guarantees to meet their share of their respective liabilities to the scheme in the event of the insolvency of the company.

The date of the most recent comprehensive actuarial valuation was 31 March 2019. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2022 and will set contributions for the period 1 April 2023 to 31 March 2026. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £1,207,000 (2019 - £964,000).

#### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	2020 £	2019 £
Fair value of scheme assets	7,882,000	8,023,000
Present value of defined benefit obligation	<u>(13,807,000)</u>	<u>(15,005,000)</u>
Defined benefit pension scheme deficit	<u>(5,925,000)</u>	<u>(6,982,000)</u>

#### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	2020 £
Present value at start of year	15,005,000
Current service cost	839,000
Past service cost	195,000
Interest cost	370,000
Benefits paid net of transfers in	41,000
Contributions by scheme participants	151,000
Change in demographic assumptions	(314,000)
Experience loss on defined benefit obligations	(416,000)
Change in financial assumptions	<u>(2,064,000)</u>
Present value at end of year	<u>13,807,000</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

### Year Ended 31 March 2020

Past service costs relate to the estimate impact of the McCloud judgement.

#### ***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

	<b>2020</b>
	<b>£</b>
Fair value at start of year	8,023,000
Interest income	203,000
Return on plan assets, excluding amounts included in interest income/(expense)	(883,000)
Actuarial gains and losses	(6,000)
Employer contributions	359,000
Contributions by scheme participants	151,000
Benefits paid	41,000
Administrative expenses	(6,000)
Fair value at end of year	<u><u>7,882,000</u></u>

#### ***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Cash and cash equivalents	92,000	137,000
Equity instruments	5,474,000	6,024,000
Debt instruments	748,000	411,000
Property	743,000	719,000
Other assets	825,000	732,000
	<u><u>7,882,000</u></u>	<u><u>8,023,000</u></u>

#### ***Return on scheme assets***

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Return on scheme assets	<u><u>(680,000)</u></u>	<u><u>244,000</u></u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### **Principal actuarial assumptions**

The principal actuarial assumptions at the statement of financial position date are as follows:

	<b>2020</b>	<b>2019</b>
	%	%
Discount rate	2.35	2.45
Future salary increases	2.80	3.85
Future pension increases	1.80	2.35
Inflation	2.60	3.35

### **Post retirement mortality assumptions**

	<b>2020</b>	<b>2019</b>
	Years	Years
Current UK pensioners at retirement age - male	23.00	22.00
Current UK pensioners at retirement age - female	24.00	24.00
Future UK pensioners at retirement age - male	24.00	24.00
Future UK pensioners at retirement age - female	26.00	26.00

### **15 Reserves**

#### Capital contribution reserve

The capital contribution reserve arose on the commencement of trade, following the donation of intangible and tangible fixed assets to the company from the three councils for nil consideration. An element of this is transferred to the profit and loss reserve as the assets are depreciated. Similarly transfers are performed based on gains and losses that arise on the disposal of donated assets. All amounts have been transferred by the year and there is no reserve remains as at 31 March 2020.

### **16 Share capital**

#### Allotted, called up and fully paid shares

	<b>No.</b>	<b>2020</b>	<b>No.</b>	<b>2019</b>
		£		£
Ordinary shares of £1 each	3	3	3	3

### **17 Commitments**

#### Capital commitments

The Company entered into one commitment at the year end relating to the replacement income management software.

The total amount contracted for but not provided in the financial statements was £153,322 (2019 - £40,360).

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2020

### 18 Related party transactions

#### Key management personnel

The directors are not remunerated from this company, other key management remuneration is as follows:

#### Key management compensation

	2020	2019
	£	£
Salaries and other short term employee benefits	83,232	81,600
Post-employment benefits	12,235	11,995
	<u>95,467</u>	<u>93,595</u>

#### Summary of transactions with other related parties

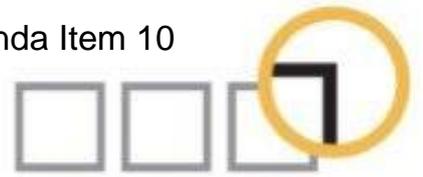
Entities with joint control over the company

The company recognised turnover of £7,325,899 (2019: £7,566,609) to the Councils which jointly control it. At the year end £330,663 (2019: £35,298) was owed to the company by the Councils.

Entities under common control

During the year an entity under common control received services from the company to the value of £15,139 (2019: £nil). At the year end £1,809 (2019: £nil) was owed to the company by the company under common control.

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## Internal Audit Report

Strata ICT Audit Summary  
2019/20

Strata Services Solutions - ICT  
Partnership organisation of  
Exeter, East Devon and  
Teignbridge

*July 2020*

**OFFICIAL**



# 1 Introduction

Strata Service Solutions has three founding partners; East Devon District Council, Exeter City Council and Teignbridge District Council (The Partners). The creation of Strata in 2014 was an innovative approach that has positioned the Partners well as many Council's around the country increasingly look to enter into similar partnership arrangements.

The approach has been proven to exceed expectations, including the financial benefit delivered to the Partners. With the common infrastructure platform and desktop in place, the new Strata Business Plan confirms the desire to continually improve and fulfil the critical role of enabling technology driven transformational change.

The SOCITM 2019 Policy Briefing on Technology related trends for the public sector in 2019, SOCITM identify 'Partnering and Sharing Locally' as a key trend for Councils who 'need to adopt and share in order to remain solvent'. Nationally, the concept of the Unitary Authority is likely to become more prevalent as local government finances continue to be stretched.

*"Complex business priorities for the public sector will determine IT priorities in 2019 – and we have mostly gone beyond a narrow view of IT as a cost centre, to become a strategic enabler. That is what digital transformation' is all about..."*

*SOCITM Policy Briefing 2019*

# 2 Audit Opinions

This section summarises our assurance opinions for the overall delivery of IT service by Strata as well as the two individual audit review areas covered during 2019/20. Opinions regarding assurance for the individual control areas for Cyber Security are included as part of the Cyber Security report.

<b>Overall Conclusions (including Strategy &amp; IT Operations)</b>	
Effective service delivery occurs when an IT organization performs an IT service (business process, application, IT skills, hardware, software, or infrastructure service) that the customer values and desires and that the customer cannot or does not want to perform itself.	Good Standard 
<b>Project Management &amp; Solution Delivery Processes</b>	
Service Design (Project Fulfilment) - Processes to transform the strategic requirements of Strata (and its clients) into effective business solutions are effective.	Good Standard 
<b>Cyber Security</b>	
Cyber (Security) can be considered to be a body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorised access.	Good Standard 

### 3 Executive Summary

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Previous reports have highlighted the strengths of both the Strata's strategic concept and direction and, in the day to day delivery of the full range of IT services to the Partners. Work undertaken this year further confirmed that the direction of travel remains upwards and that the appetite to continually improve remains as strong as ever.

The importance for organisations to have effective and reliable IT services has never been more apparent as during the current Coronavirus crisis and the early days in particular. This not only serves as testament to the quality of service, but also the quality and dedication of Strata's staff.

The crisis has also highlighted the benefits of harnessing and embracing new technologies to enhance operations and potentially replace altogether some methods of working. The new Project Management process has now been adopted by Strata and the Partners will help with the effective delivery of any transformational changes identified by the Partners.

The potential for cautious steps towards a moderate degree of commercialisation is now formally recognised and the independent report commissioned by Strata provides a valuable appraisal. Although the ongoing and short term impacts of Coronavirus will delay any pilot exercise, opportunities remain.

Strata's new Business Plan has all but formally adopted by the Partners and this provides excellent and measurable detail as to how it will continually improve the services it offers the Partners and act as an effective enabler for transformational change. DAP consider the Business Plan to be of a high standard and this, along with the high standard operational reporting and metrics, provides the measures from which continual service improvement can be delivered.

Strata continue to perform strongly during 2019/20 and again exceeded the financial benefit targets set by the Partners. The implementation of the new IT Service Management ITSM solution (Alemba vFire) will provide further opportunities to improve value for money. Work will be performed within 2020/21 to assess both the effectiveness and opportunities of the new solution, including the all-important capture of customer feedback.

Like Project Management, Cyber Security is discussed in detail within the individual report document. However, the analysis of cyber controls provides some further assurance that certain key IT operations are being performed to a satisfactory standard and in accord with best practice. Work continues to improve the overall security environment as cyber threats continue to increase and evolve. DAP will continue to review cyber controls using the Government advocated Cyber Essentials scheme using the original technical approach that prescribes controls in detail.

*"The demands on Strata have been immense". Your support for the significant ICT and telephony challenges you have faced, and overcome, has enabled the majority of our workforce to work from home."*

*Karime Hassan  
Chief Executive & Growth  
Director, Exeter City  
Council*

## **4 Issues for the Annual Governance Statement**

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The evidence obtained in internal audit reviews can identify issues in respect of risk management, systems and controls that may be relevant to the Annual Governance Statement.

There are no issues arising that require reporting within the AGS or UoR

## **5 Inherent Limitations**

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The opinions and recommendations contained within this report are based on our examination of restricted samples of transactions / records and our discussions with officers responsible for the processes reviewed.

## **6 Acknowledgements**

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We would like to express our thanks and appreciation to all those who provided support and assistance during the course of this audit.

**Robert Hutchins**  
**Head of Partnership**

## Confidentiality under the National Protective Marking Scheme

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Marking	Definitions
Official	The majority of information that is created or processed by the public sector. This includes routine business operations and services, some of which could have damaging consequences if lost, stolen or published in the media, but are not subject to a heightened threat profile.
Secret	Very sensitive information that justifies heightened protective measures to defend against determined and highly capable threat actors. For example, where compromise could seriously damage military capabilities, international relations or the investigation of serious organised crime.
Top Secret	The most sensitive information requiring the highest levels of protection from the most serious threats. For example, where compromise could cause widespread loss of life or else threaten the security or economic wellbeing of the country or friendly nations.

## **Devon Audit Partnership**

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The Devon Audit Partnership has been formed under a joint committee arrangement comprising of Plymouth, Torbay and Devon councils. We aim to be recognised as a high quality internal audit service in the public sector. We work with our partners by providing a professional internal audit service that will assist them in meeting their challenges, managing their risks and achieving their goals. In carrying out our work we are required to comply with the Public Sector Internal Audit Standards along with other best practice and professional standards.

The Partnership is committed to providing high quality, professional customer services to all; if you have any comments or suggestions on our service, processes or standards, the Head of Partnership would be pleased to receive them at [robert.hutchins@devonaudit.gov.uk](mailto:robert.hutchins@devonaudit.gov.uk).

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## **Confidentiality and Disclosure Clause**

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This report is protectively marked in accordance with the National Protective Marking Scheme. Its contents are confidential and, whilst it is accepted that issues raised may well need to be discussed with other officers within the organisation, the report itself should only be copied/circulated/disclosed to anyone outside of the organisation in line with the organisation's disclosure policies.

This report is prepared for the organisation's use. We can take no responsibility to any third party for any reliance they might place upon it.