



Solutions for government

STRATA - JOINT EXECUTIVE COMMITTEE

Date: Wednesday, 9 July 2025

Time: 3.00 pm

Venue: Council Chamber Forde House Brunel Road Newton Abbot TQ12 4XX

Members are invited to attend the above meeting to consider the items of business.

Membership -

Councillors Palethorpe, Bialyk and Arnott

Agenda

Part I: Items suggested for discussion with the press and public present

1 Apologies

To receive apologies for absence.

2 Election of Chair 2025/26

Based on the existing annual rotational protocol for the position of Chair, the Chair will be the Teignbridge District Council representative.

Previous Chairs were Cllr Bialyk (Exeter City Council – 2024/25) and Cllr Arnott (East Devon District Council – 2023/24)

3 Minutes

To sign the minutes of the meeting held on 28 January.

(Pages 5
- 8)

4 Declarations of Interest

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of

Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

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 | Strata Budget Monitoring and Performance Outturn 2024-25 | (Pages 9 - 44) |
| 8 | Strata Budget Monitoring and Performance April 2025-26 | (Pages 45 - 50) |
| 9 | Local Government (Access to Information) Act 1985 - Exclusion of Press and Public | |

It is considered items will not need to be discussed in private session, but should this be necessary the meeting is recommended to consider the following:

RESOLVED that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the item on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part I, Schedule 12A of the Act.

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

NIL

Date of Next Meeting

The next scheduled meeting will be held on **Wednesday**, 28 January 2026 at **2.30 pm** .

Find out more about Teignbridge District Council services by looking at our web site <http://www.teignbridge.gov.uk>. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Committee meetings

If you would like this information in another format, please telephone 01626 361101 or e-mail info@teignbridge.gov.uk

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STRATA - JOINT EXECUTIVE COMMITTEE**TUESDAY, 28 JANUARY 2025**Present:

Councillors Bialyk (Chair), Arnott, and Palethorpe

Members Attendance:

Councillors Radford

Apologies:

None

Officers in Attendance:

Steve Mawn, Director of IT and Digital Transformation

Jo Yelland, Strategic Director for People

Neil Blaney, Director of Place

Simon Davey, Strata Board Director

David Sercombe, Head of Business Systems & Business Intelligence

Suzanne Edwards, Strata Finance Manager

Andrew Hopkins, Head of Service, Digital and Data

Christopher Morgan, Trainee Democratic Services Officer

**These decisions will take effect from 10.00 a.m. on 4 February
unless called-in or identified as urgent in the minute**

1. MINUTES

It was proposed by Cllr Palethorpe and seconded by Cllr Arnott that the minutes of the previous meeting be agreed as a correct record and signed by the Chair.

A vote was taken, and all were in favour.

Resolved that the minutes of the previous meeting be agreed as a correct record and signed by the Chair.

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 BUSINESS PLAN 2025-2026

The Director of IT and Digital Transformation introduced the item to the Committee. He highlighted the continuing improvements to IT and systems across the partner councils that were identified in the previously adopted business plan. Improvements in 2025/26 would include enabling a move to the cloud-based systems, which would replace the need for physical server rooms across the council estate. The Business Plan also included information on the Operational Management Plan, the Customer Relationship Management system, and the telephony replacement for Skype and contact centre. Other areas of the plan highlighted were the rollout of systems such as MyAccount to Exeter, which was part of an overall improved customer experience.

In response to a question from a member of the Committee, the Director advised how the cloud-based system would work, and that it would be very secure as evidenced by its use by Central Government and Law Enforcement. Microsoft had spent considerable funds in order to ensure the quality of the system.

Other comments were concerns around the implementation of AI and the interest in a flexible solution for shared services.

It was proposed by Cllr Palethorpe and seconded by Cllr Arnott that the Strata Business Plan 2025-2026 be approved by the Committee and that it be brought to the partners' Full Council meetings for further approval.

A vote was taken, and all were in favour.

Resolved

that the Strata Business Plan 2025-2026 be approved by the Committee and that it be brought to the partners' Full Council meetings for further approval.

6. STRATA BUDGET MONITORING AND PERFORMANCE OCTOBER 2024-25

The Strata Finance Manager introduced the item to the Committee. It was highlighted that an underspend of £305,000 was forecast for the year and that these funds would be used to resource the partner councils' move to a cloud-based system.

The Head of Business Systems and Business Intelligence informed the Committee that Strata had surpassed its strategic target of completing cases on time, with a 92 percent rating. This was down from its previous rating of 96 percent however this was likely due to an increase of cases in the preceding months. The company would look to increase its service desk officers. The customer satisfaction rating was 4.6 out of a possible 5, and it was noted that if the rating fell considerably that Strata would carry out performance reviews with the partner councils to discuss improvements.

In response to a question regarding Members accessing their Council calendars on external devices, the Director for IT and Transformation informed the Committee that this had been disabled due to security concerns resulting from confidential agendas being attached to calendar invitations. The Director would email members a short statement confirming this. Partner Councils could meet with Strata to discuss a further solution if needed,

It was proposed by Cllr Palethorpe and seconded by Cllr Arnott that the Strata Budget Monitoring and Performance be noted.

A vote was taken, and all were in favour.

Resolved

That the Strata Budget Monitoring and Performance be noted.

The meeting started at 4.10 pm and finished at 5.00 pm.

Chair
Cllr Phil Bialyk

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STRATA JOINT EXECUTIVE COMMITTEE STRATA JOINT SCRUTINY COMMITTEE

DATE OF MEETING: 9 JULY 2025
23 JULY 2025

PUBLICATION DATE: 17 JUNE 2025

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING AND OPERATIONAL
PERFORMANCE OUTTURN - 2024-25

1. PURPOSE

1.1 This report advises on the financial position of Strata at the end of 2024-25.

2. BACKGROUND

2.1 The Company has been given a total of £8.299 million to run the IT Services in 2024-25 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 31 March 2025

3.1 Savings as per Business Plan

The original ten year Business Case has met its objectives and saving profile therefore the 2024-25 Business Plan moved away from delivering a savings profile and shifted to a transformational focus. The programme of transformation identified the requirement for additional resources for its delivery.

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

| | | Projected Revenue Savings | Actual Revenue Savings | Variance |
|--------------|---------|----------------------------------|-------------------------------|------------------|
| 2015-16 | Year 1 | (262,098) | (232,000) | 30,098 |
| 2016-17 | Year 2 | (20,000) | (100,000) ¹ | (80,000) |
| 2017-18 | Year 3 | (252,836) | (565,000) | (312,164) |
| 2018-19 | Year 4 | (381,961) | (620,000) | (238,039) |
| 2019-20 | Year 5 | (853,888) | (1,074,000) ² | (220,112) |
| 2020-21 | Year 6 | (696,167) | (1,051,000) ³ | (354,833) |
| 2021-22 | Year 7 | (747,804) | (1,260,111) | (512,307) |
| 2022-23 | Year 8 | (702,415) | (1,079,832) ⁴ | (377,417) |
| 2023-24 | Year 9 | (754,254) | (952,756) ⁵ | (198,502) |
| 2024-25 | Year 10 | - | (683,000) | (683,000) |
| Total | | (4,671,423) | (7,617,699) | |

¹ 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.

² Strata reduced the payments for the Councils by £500,000 at the start of the year.

³ In response to the challenges the Councils faced as a result of the restrictions imposed in response to Covid-19 Strata identified an additional c£340,000 of one off savings on top of the £696,167. The outturn position was broadly in line with that projection.

⁴ The three Councils agreed for £512k of excess revenue savings from 2021-22 to be handed back to Strata in 2022-23 to fund delayed expenditure (Capital and Revenue) from 2021-22 and a programme of organisational change which commenced during 2022-23. £125k of this additional income was not spent in 2022-23 and is included in the Actual Revenue Savings.

⁵ As in 2022-23 excess revenue savings were handed back to Strata in 2023-24 to help fund a programme of organisational change which commenced during 2022-23. £198k of this additional income was not spent in 2023-24 and is included in the Actual Revenue Savings.

The 2024-25 Business Plan set out a plan for the costs to be met by the Contract Payment. The three Councils agreed for £198k of excess revenue savings from 2023-24 to be handed back to Strata in 2024-25 to fund the organisational change programme. £166k of this additional income was not spent in 2024-25 and is included in the £683k Actual Revenue Savings. As approved in the 2025-26 Business Plan the 2024-25 savings of £683k will be handed back to Strata in 2025-26 as the transformation change programme continues, to fund the transition from onsite servers to a cloud based server solution.

3.2 Key Variations from Revenue Budget

Strata has delivered £683,000 of revenue savings in 2024-25 (Appendix A) and has refunded £683,000 to the Councils at the year end. The key variations are set out below:

| Expenditure Type | Actual Over / (Underspend) £ | Detail |
|-------------------------|-------------------------------------|--|
| Employees | (45,437) | <ul style="list-style-type: none"> Lower cost due to phased onboarding of new roles, partially offset by redundancy costs from staff reorganisation |
| Supplies & Services | (326,366) | <ul style="list-style-type: none"> Lower cost mainly related to delivery of Business Plan initiatives. Timing of large procurements adjusted to provide positive cost variance in 2024-25 |
| Taxation on Interest | 15,279 | <ul style="list-style-type: none"> Higher Corporation Tax charge due to higher interest received on cash reserves |
| Income - Revenue | (267,377) | <ul style="list-style-type: none"> Higher income due to: <ul style="list-style-type: none"> Additional income from 2023-24 profits handed back to Strata by the Councils Higher recharges relating to General Election services CAFReady grant income awarded during the year |
| Investment Interest | (58,244) | <ul style="list-style-type: none"> Interest from cash deposits higher due to continued high Base Rate (partially offset by Corporation Tax charge) |

3.3 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. This account is brought to zero at the year end.

3.4 Statement of Accounts

The audited 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 position and depreciation. The Statutory Accounts were approved by the Board on 12 June 2025. The Audit Completion report's conclusions found:

- No evidence of fraud and management override of controls
- No evidence of fraud or material misstatement in relation to revenue recognition
- No evidence of fraud or material misstatement in relation to related party disclosures

- No deficiencies in internal controls considered to be a material weaknesses

4 OPERATIONAL PERFORMANCE

4.1 Summary

Key Performance Indicators are monitored and discussed at the Strata management Team meeting held on a weekly basis . Whilst performance continues to exceed the agreed Service Level Agreement (SLA) of 85% of incidents being resolved within target, we have seen a gradual decrease in SLA during the 24/25 financial year, from a starting position of 95% in April 2024 to 90.2% in March 2025. This can be explained by 2 main factors. Firstly, there is a significant amount of change to the core IT platform as we reduce the reliance on Global Desktop and introduce the superior End User Computing (EUC) model. Secondly, the Service Desk staff, typically responsible for resolving the majority of incidents received, are also involved in the roll-out of EUC, which has inevitably reduced their capacity to manage incidents. The Strata management team continued to closely monitor performance and any impact that this had through the year and made adjustments to staffing levels where appropriate to maintain the agreed SLA.

In the 24/25 Financial year Strata received 9201 Incidents, over the year Strata received an average closure rate within SLA of 92.99%

Standard Service Requests, (which cover standard, repeatable activities like hardware purchases, granting permissions to systems, new starters etc.) have followed a similar trajectory to Incidents for the same reasons as outlined above. Again these are closely monitored by the Strata Management team.

Throughout 24/25 customer satisfaction with how Strata handle both incidents and Service requests has remained consistently high, averaging 4.5 out of 5

5 RECOMMENDATIONS

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

| | |
|---|---|
| Suzanne Edwards Finance Lead – Commercial | Contact details E-mail: suzanne.edwards@exeter.gov.uk |
| David Sercombe - Head of Applications, Development & Service | Contact details E-mail: david.sercombe@strata.solutions |

BUDGET MONITORING
31 March 2025



STRATA SERVICE SOLUTIONS - REVENUE BUDGET

| | REVENUE BUDGET | 2024-25 OUTTURN | OUTTURN VARIANCE TO BUDGET |
|-----------------------------|-------------------|------------------|----------------------------------|
| | £ | £ | £ |
| EMPLOYEES | 4,074,578 | 4,029,141 | (45,437) |
| SUPPLIES & SERVICES | 4,346,439 | 4,020,073 | (326,366) |
| TRANSPORT | 7,455 | 6,411 | (1,044) |
| SUPPORT SERVICES | 60,000 | 60,000 | 0 |
| TAX ON INTEREST | 0 | 15,279 | 15,279 |
| INCOME - REVENUE | (8,476,323) | (8,743,699) | (267,377) |
| INVESTMENT INTEREST | (12,150) | (70,394) | (58,244) |
| Net (Income)/Expense | (0) | (683,190) | (683,190) |

COUNCIL RECHARGE

| | ACTUAL TO DATE |
|------------------------------------|----------------|
| | £ |
| EMPLOYEES | 100,528 |
| SUPPLIES & SERVICES | 1,160,585 |
| TRANSPORT | 0 |
| INCOME | (1,261,114) |
| TO BE RECHARGED TO COUNCILS | 0 |

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Strata Service Solutions Limited

**Annual Report and Financial Statements
Year Ended 31 March 2025**

Registration number: 09041662

Strata Service Solutions Limited

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Strata Service Solutions Limited

Company Information

| | |
|--------------------------|---|
| Directors | Mr S P I Davey |
| | Mr N A Blaney |
| | Mr A Pengelly |
| Registered office | Civic Centre Paris Street Exeter Devon EX1 1JN |
| Auditors | PKF Francis Clark Statutory Auditor Centenary House Peninsula Park Rydon Lane Exeter Devon EX2 7XE |

Strata Service Solutions Limited

Strategic Report for the Year Ended 31 March 2025

The directors present their strategic report for the year ended 31 March 2025.

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 £9,932,782 (2024: £9,453,192) with a profit before taxation for the year of £33,160 (2024: £8,201). Net current assets are £1,314,795 (2024: £1,289,995) and the company has net assets totalling £773,684 (2024: net assets £806,803). The balance sheet has moved from Shareholders funds of £806,803 in 2024 to £773,684 due to an increase in the Company's pension fund liability linked to interest rate reductions in the year to 31 March 2025. The Directors are satisfied that the guarantee provided by the three owner Councils 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.

Performance in the year exceeded the Business Plan expectations, and resulted in delivery of a £683k benefit to the Owners. Savings were mainly achieved through transformational initiatives, staffing restructure and renewal software contractual arrangements. Over the life of the Company, it has delivered refunds to the Councils totalling £7.617 million, well in excess of the targets set out in the original Business Plan.

Strata continually updates its performance metrics, aligning them with industry best practices. The key metrics include service requests, incident occurrences, change requests, new projects, system uptime, and outages. These refined metrics provide a clearer focus, enabling prompt adjustments if any metric deviates from the norm or exceeds expectations for a given period. The Partnership has outlined an ambitious business plan for 2025/26, aimed at transforming partner interactions with the public. This transformation is supported by the adoption of industry best practices like ITIL and a revamped project and resource management process.

In summary, the Company has surpassed financial expectations while investing in significant transformation initiatives for its owners.

Strata Service Solutions Limited

Strategic Report for the Year Ended 31 March 2025

Principal risks and uncertainties

The Company, owned by three Local Authorities, operates on fixed budgets, necessitating stringent management to achieve set objectives.

Current global economic conditions pose a risk of reduced local government grants. Technology plays a pivotal role in revamping the councils' operational models and curbing overall expenditure, which is reflected in the business plan for 2025/26, emphasizing 'investment to save' strategies.

The English Devolution White Paper (Power and Partnership: Foundations for Growth) was published on 16 December 2024. It set out the government's plans for a joint programme of devolution and local government reorganisation which could impact the ownership of the Company. The new councils to be formed following the reorganisation are scheduled to come into being in April 2028 and as such Strata will continue to operate on a business as usual basis until the impact on its ownership becomes clearer.

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.

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

.....
Mr N A Blaney
Director

Strata Service Solutions Limited

Directors' Report for the Year Ended 31 March 2025

The directors present their report and the financial statements for the year ended 31 March 2025.

Directors of the company

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

Mr S P I Davey

Ms J J Yelland (ceased 25 April 2025)

Mr N A Blaney

The following director was appointed after the year end:

Mr A Pengelly (appointed 25 April 2025)

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 and signed on its behalf by:

.....
Mr N A Blaney
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 United Kingdom 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 2025, 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 2025 and of its profit 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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

We have nothing to report in this regard.

Strata Service Solutions Limited

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

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Strata Service Solutions Limited

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

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the company. We gained an understanding of the company and the industry in which the company operates as part of this assessment to identify the key laws and regulations affecting the company. As part of this, we reviewed the company's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were health and safety regulations, breaches of The General Data Protection Regulation ("GDPR") and achieving accreditation to the public services network. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and relevant tax legislation.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the company complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non compliance with laws and regulations on the company's ability to continue trading and the risk of material misstatement to the accounts.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key incentive identified is to meet the targets set by the group and we determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud.
- Discussed with the health and safety officer if any incidents have been reported during the year.
- Review of the GDPR policy and enquiries to management as to the occurrence and outcome of any reportable breaches.
- Reviewed the most recent certificate for accreditation to the public services network.
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance.
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate omissions, collusion, forgery, misrepresentations, or the override of internal controls. We are also less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements.

Strata Service Solutions Limited

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

.....
Tom Beable (FCA) (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Centenary House
Peninsula Park
Rydon Lane
Exeter
Devon
EX2 7XE

Date:.....

Strata Service Solutions Limited

Profit and Loss Account

Year Ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|--|------|----------------------|-----------------------|
| Turnover | 3 | 9,932,782 | 9,453,192 |
| Cost of sales | | <u>(4,096,522)</u> | <u>(3,835,815)</u> |
| Gross profit | | 5,836,260 | 5,617,377 |
| Administrative expenses | | <u>(5,899,494)</u> | <u>(5,673,765)</u> |
| Operating loss | 4 | <u>(63,234)</u> | <u>(56,388)</u> |
| Other interest receivable and similar income | | 70,394 | 82,589 |
| Interest receivable/(payable) and similar expenses | 7 | <u>26,000</u> | <u>(18,000)</u> |
| | | <u>96,394</u> | <u>64,589</u> |
| Profit before tax | | 33,160 | 8,201 |
| Tax on profit | 8 | <u>(15,279)</u> | <u>(18,136)</u> |
| Profit/(loss) for the financial year | | <u><u>17,881</u></u> | <u><u>(9,935)</u></u> |

The notes on pages 15 to 25 form an integral part of these financial statements.
Page 10

Strata Service Solutions Limited

Statement of Comprehensive Income

Year Ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|--|-------------|------------------------|-----------------------|
| Profit/(loss) for the year | | 17,881 | (9,935) |
| Remeasurement (loss)/gain on defined benefit pension schemes | 14 | <u>(51,000)</u> | <u>451,000</u> |
| Total comprehensive income for the year | | <u><u>(33,119)</u></u> | <u><u>441,065</u></u> |

The notes on pages 15 to 25 form an integral part of these financial statements.
Page 11

Strata Service Solutions Limited

Balance Sheet

31 March 2025

| | Note | 2025 £ | 2024 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 9 | 1,303,919 | 1,307,206 |
| Tangible assets | 10 | <u>598,521</u> | <u>493,094</u> |
| | | <u>1,902,440</u> | <u>1,800,300</u> |
| Current assets | | | |
| Stocks | | 28,810 | 24,970 |
| Debtors | 11 | 2,935,708 | 2,892,445 |
| Cash at bank and in hand | | <u>807,713</u> | <u>1,005,617</u> |
| | | 3,772,231 | 3,923,032 |
| Creditors: Amounts falling due within one year | 12 | <u>(2,457,436)</u> | <u>(2,633,037)</u> |
| Net current assets | | <u>1,314,795</u> | <u>1,289,995</u> |
| Total assets less current liabilities | | 3,217,235 | 3,090,295 |
| Creditors: Amounts falling due after more than one year | 12 | <u>(2,248,551)</u> | <u>(2,094,492)</u> |
| Net assets excluding pension liability | | 968,684 | 995,803 |
| Net pension liability | 14 | <u>(195,000)</u> | <u>(189,000)</u> |
| Net assets | | <u>773,684</u> | <u>806,803</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 3 | 3 |
| Profit and loss account | | <u>773,681</u> | <u>806,800</u> |
| Total equity | | <u>773,684</u> | <u>806,803</u> |

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

.....
Mr N A Blaney
Director

Company Registration Number: 09041662

Strata Service Solutions Limited

Statement of Changes in Equity

Year Ended 31 March 2025

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|-----------------------|------------------------------------|------------|
| At 1 April 2024 | 3 | 806,800 | 806,803 |
| Profit for the year | - | 17,881 | 17,881 |
| Other comprehensive income | - | (51,000) | (51,000) |
| Total comprehensive income | - | (33,119) | (33,119) |
| At 31 March 2025 | 3 | 773,681 | 773,684 |

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|-----------------------|------------------------------------|------------|
| At 1 April 2023 | 3 | 365,735 | 365,738 |
| Loss for the year | - | (9,935) | (9,935) |
| Other comprehensive income | - | 451,000 | 451,000 |
| Total comprehensive income | - | 441,065 | 441,065 |
| At 31 March 2024 | 3 | 806,800 | 806,803 |

The notes on pages 15 to 25 form an integral part of these financial statements.
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Strata Service Solutions Limited

Statement of Cash Flows

Year Ended 31 March 2025

| | Note | 2025 £ | 2024 £ |
|--|------|-----------------------|-------------------------|
| Cash flows from operating activities | | | |
| Profit/(loss) for the year | | 17,881 | (9,935) |
| Adjustments to cash flows from non-cash items | | | |
| Depreciation and amortisation | 4 | 610,969 | 635,613 |
| Finance income | | (70,394) | (82,589) |
| Finance costs | 7 | (26,000) | 18,000 |
| Corporation tax | 8 | 15,279 | 18,136 |
| | | <u>547,735</u> | <u>579,225</u> |
| Working capital adjustments | | | |
| Net pension movement | 14 | (19,000) | (15,000) |
| Increase in stocks | | (3,840) | (8,022) |
| Increase in trade debtors | 11 | (43,263) | (952,677) |
| (Decrease)/increase in trade creditors | 12 | (172,783) | 1,215,764 |
| Increase/(decrease) in deferred income | 12 | 154,059 | (164,877) |
| | | <u>462,908</u> | <u>654,413</u> |
| Cash generated from operations | | | |
| Corporation tax paid | | <u>(18,097)</u> | <u>(7,702)</u> |
| Net cash flow from operating activities | | <u>444,811</u> | <u>646,711</u> |
| Cash flows from investing activities | | | |
| Interest received | | 70,394 | 82,589 |
| Acquisitions of tangible assets | | (304,570) | (49,836) |
| Acquisition of intangible assets | | <u>(408,539)</u> | <u>(390,827)</u> |
| Net cash flows from investing activities | | <u>(642,715)</u> | <u>(358,074)</u> |
| Net (decrease)/increase in cash and cash equivalents | | (197,904) | 288,637 |
| Cash and cash equivalents at 1 April | | <u>1,005,617</u> | <u>716,980</u> |
| Cash and cash equivalents at 31 March | | <u><u>807,713</u></u> | <u><u>1,005,617</u></u> |

The notes on pages 15 to 25 form an integral part of these financial statements.
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Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

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

Each year the Company produces a Business Plan, setting out projected financial returns for the following period (latest three years) based on the agreed funding mechanism. The latest Business Plan runs to 2027-28 and projects that the costs of the business will be met by the Company's income stream in each year. This is based on known cost pressures and income increases in line with inflation.

As disclosed within the Strategic Report, the Local Authority owners are required to give 18 months' notice, in order to terminate services. At the date of approval of the financial statements, no owner had served notice.

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

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

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 £1,303,919 (2024 - £1,307,206).

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 £598,521 (2024 - £493,094).

Defined benefit pension liability - assumptions surrounding the discount rate, future salary increases, inflation and future pension increased are considered key estimates. There is also an asset ceiling in place. The carrying amount is £(195,000) (2024 - £(189,000)).

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.

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.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

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:

Asset class

Computer equipment

Depreciation method and rate

5 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:

Asset class

Software

Amortisation method and rate

3-5 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.

Defined benefit pension obligation

A liability is recognised on the balance sheet in respect of defined benefit pension plans and is calculated as the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. Where the fair value of the plan assets exceeds the present value of the defined benefit obligation an assessment is made about the ability to realise pensions assets through reductions in future employer's contributions, which can result in a ceiling being placed on the value of the net asset that can be recognised. 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.

3 Turnover

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

| | 2025 | 2024 |
|--------------|------------------|------------------|
| | £ | £ |
| Fee income | 9,321,813 | 8,817,579 |
| Grant income | 610,969 | 635,613 |
| | <u>9,932,782</u> | <u>9,453,192</u> |

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

4 Operating loss

Arrived at after charging/(crediting)

| | 2025 | 2024 |
|----------------------|----------------|----------------|
| | £ | £ |
| Depreciation expense | 199,143 | 233,798 |
| Amortisation expense | <u>411,826</u> | <u>401,815</u> |

5 Staff costs

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

| | 2025 | 2024 |
|--|------------------|------------------|
| | £ | £ |
| Wages and salaries | 3,233,745 | 2,972,793 |
| Social security costs | 310,887 | 282,338 |
| Pension costs, defined benefit scheme - service charge | <u>539,000</u> | <u>507,000</u> |
| | <u>4,083,632</u> | <u>3,762,131</u> |

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

| | 2025 | 2024 |
|----------------------------|-------------|-------------|
| | No. | No. |
| Administration and support | <u>73</u> | <u>71</u> |

6 Auditor's remuneration

| | 2025 | 2024 |
|-----------------------------------|---------------|---------------|
| | £ | £ |
| Audit of the financial statements | <u>14,960</u> | <u>12,700</u> |

7 Interest payable and similar expenses

| | 2025 | 2024 |
|--|-----------------|---------------|
| | £ | £ |
| Net finance costs in respect of defined benefit pension scheme | <u>(26,000)</u> | <u>18,000</u> |

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

8 Taxation

Tax charged/(credited) in the profit and loss account

| | 2025 £ | 2024 £ |
|-------------------------|---------------|---------------|
| Current taxation | | |
| UK corporation tax | <u>15,279</u> | <u>18,136</u> |

The tax on the profit for the year is higher than the standard rate of corporation tax in the UK (2024 - higher than the standard rate of corporation tax in the UK) of 25% (2024 - 25%).

The differences are reconciled below:

| | 2025 £ | 2024 £ |
|---|----------------|----------------|
| Profit before tax | <u>33,160</u> | <u>8,201</u> |
| Corporation tax at standard rate | 2,050 | 2,050 |
| Effect of expense not deductible in determining taxable profit (tax loss) | 15,900 | 18,597 |
| Marginal relief | <u>(2,671)</u> | <u>(2,511)</u> |
| Total tax charge | <u>15,279</u> | <u>18,136</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, being interest receivable, and also to consultancy fees income from non-mutual customers.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

9 Intangible assets

| | Software £ | Total £ |
|--------------------------------------|---------------|------------|
| Cost or valuation | | |
| At 1 April 2024 | 4,602,299 | 4,602,299 |
| Additions | 408,539 | 408,539 |
| Disposals | (14,657) | (14,657) |
| At 31 March 2025 | 4,996,181 | 4,996,181 |
| Amortisation | | |
| At 1 April 2024 | 3,295,093 | 3,295,093 |
| Amortisation charge | 411,826 | 411,826 |
| Amortisation eliminated on disposals | (14,657) | (14,657) |
| At 31 March 2025 | 3,692,262 | 3,692,262 |
| Carrying amount | | |
| At 31 March 2025 | 1,303,919 | 1,303,919 |
| At 31 March 2024 | 1,307,206 | 1,307,206 |

10 Tangible assets

| | Computer equipment £ | Total £ |
|--------------------------|----------------------------|------------|
| Cost or valuation | | |
| At 1 April 2024 | 2,187,028 | 2,187,028 |
| Additions | 304,570 | 304,570 |
| At 31 March 2025 | 2,491,598 | 2,491,598 |
| Depreciation | | |
| At 1 April 2024 | 1,693,934 | 1,693,934 |
| Charge for the year | 199,143 | 199,143 |
| At 31 March 2025 | 1,893,077 | 1,893,077 |
| Carrying amount | | |
| At 31 March 2025 | 598,521 | 598,521 |
| At 31 March 2024 | 493,094 | 493,094 |

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

11 Debtors

| | 2025 £ | 2024 £ |
|--------------------------------|------------------|------------------|
| Trade debtors | 159,379 | 136,177 |
| Other debtors | 5,757 | 5,757 |
| Prepayments and accrued income | 2,770,572 | 2,750,511 |
| | <u>2,935,708</u> | <u>2,892,445</u> |

12 Creditors

| | Note | 2025 £ | 2024 £ |
|--|------|------------------|------------------|
| Due within one year | | | |
| Trade creditors | | 288,935 | 853,537 |
| Social security and other taxes | | 205,495 | 169,766 |
| Outstanding defined contribution pension costs | | 63,033 | 53,454 |
| Other creditors | | 3,614 | 3,469 |
| Accruals | | 1,881,041 | 1,534,675 |
| Corporation tax | 8 | 15,318 | 18,136 |
| | | <u>2,457,436</u> | <u>2,633,037</u> |
| Due after one year | | | |
| Deferred income | | <u>2,248,551</u> | <u>2,094,492</u> |

13 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

| | 2025 £ | 2024 £ |
|---|---------------|----------------|
| Not later than one year | 41,477 | 71,013 |
| Later than one year and not later than five years | - | 41,477 |
| | <u>41,477</u> | <u>112,490</u> |

Lease payments recognised as an expense in the year were £72,613 (2024: £78,511).

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

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 2025. 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 2026 and will set contributions for the period 1 April 2026 to 31 March 2029. 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 £522,000 (2024 - £533,000).

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the balance sheet are as follows:

| | 2025 | 2024 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Fair value of scheme assets | 15,381,000 | 14,466,000 |
| Present value of defined benefit obligation | <u>(11,964,000)</u> | <u>(13,669,000)</u> |
| | 3,417,000 | 797,000 |
| Other amounts recognised in the balance sheet (*) | <u>(3,612,000)</u> | <u>(986,000)</u> |
| Defined benefit pension scheme deficit | <u><u>(195,000)</u></u> | <u><u>(189,000)</u></u> |

(*) The asset ceiling applied at 31 March 2025 reflects that the company's ability to realise the full economic benefits of the net pensions asset of £3,417,000 (2024: £797,000), calculated under the accounting standards for post-employment benefits, through reductions in future employer's contributions is limited, due to the company's LGPS funding commitments.

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

| | 2025 £ |
|--|--------------------------|
| Present value at start of year | 13,669,000 |
| Current service cost | 484,000 |
| Past service cost | 55,000 |
| Interest cost | 673,000 |
| Benefits paid net of transfers in | (373,000) |
| Contributions by scheme participants | 193,000 |
| Experience loss on defined benefit obligations | (27,000) |
| Change in demographic assumptions | (32,000) |
| Change in financial assumptions | (2,678,000) |
| Present value at end of year | <u><u>11,964,000</u></u> |

Fair value of scheme assets

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

| | 2025 £ |
|--|--------------------------|
| Fair value at start of year | 14,466,000 |
| Interest income | 749,000 |
| Return on plan assets, excluding amounts included in interest income/(expense) | (212,000) |
| Employer contributions | 567,000 |
| Contributions by scheme participants | 193,000 |
| Benefits paid | (373,000) |
| Administrative expenses | (9,000) |
| Fair value at end of year | <u><u>15,381,000</u></u> |

Analysis of assets

The major categories of scheme assets are as follows:

| | 2025 £ | 2024 £ |
|---------------------------|--------------------------|--------------------------|
| Cash and cash equivalents | 397,000 | 326,000 |
| Equity instruments | 10,064,000 | 9,745,000 |
| Debt instruments | 3,640,000 | 3,287,000 |
| Property | 1,279,000 | 1,111,000 |
| Other assets | 1,000 | (3,000) |
| | <u><u>15,381,000</u></u> | <u><u>14,466,000</u></u> |

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

Return on scheme assets

| | 2025 £ | 2024 £ |
|-------------------------|-----------|-----------|
| Return on scheme assets | 537,000 | 1,476,000 |

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.

Principal actuarial assumptions

The principal actuarial assumptions at the balance sheet date are as follows:

| | 2025 % | 2024 % |
|--------------------------|-----------|-----------|
| Discount rate | 5.90 | 4.95 |
| Future salary increases | 3.85 | 3.90 |
| Future pension increases | 2.85 | 2.90 |
| Inflation | 3.10 | 3.15 |

Post retirement mortality assumptions

| | 2025 Years | 2024 Years |
|--|---------------|---------------|
| Current UK pensioners at retirement age - male | 21.00 | 22.00 |
| Current UK pensioners at retirement age - female | 23.00 | 23.00 |
| Future UK pensioners at retirement age - male | 23.00 | 23.00 |
| Future UK pensioners at retirement age - female | 24.00 | 24.00 |

15 Share capital

Allotted, called up and fully paid shares

| | No. | 2025 £ | No. | 2024 £ |
|----------------------------|-----|-----------|-----|-----------|
| Ordinary shares of £1 each | 3 | 3 | 3 | 3 |

Strata Service Solutions Limited

Notes to the Financial Statements

Year Ended 31 March 2025

16 Commitments

Other financial commitments

The Company entered into one commitment at the year end relating to the Finance Convergence project.

The total amount contracted for but not provided in the financial statements was £180,935 (2024 - £200,017).

17 Related party transactions

Key management personnel

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

Key management compensation

| | 2025 £ | 2024 £ |
|---|----------------|---------------|
| Salaries and other short term employee benefits | 113,857 | 81,142 |
| Post-employment benefits | 19,523 | 15,660 |
| | <u>133,380</u> | <u>96,802</u> |

Summary of transactions with other related parties

Entities with joint control over the company

The company recognised turnover of £9,929,867 (2024: £9,451,579) to the Councils which jointly control it. At the year end £159,379 (2024: £136,177) 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 £1,268 (2024: £1,358). At the year end £nil (2024: £nil) was owed to the company by the company under common control.

Strata Service Solutions Limited

Detailed Profit and Loss Account

Year Ended 31 March 2025

| | 2025 £ | 2024 £ |
|---|--------------------|--------------------|
| Turnover | | |
| Fee income | 9,321,813 | 8,817,579 |
| Grant income | 610,969 | 635,613 |
| | <u>9,932,782</u> | <u>9,453,192</u> |
| Cost of sales | | |
| Opening stock | (24,970) | (16,948) |
| Closing stock | 28,810 | 24,970 |
| Wages and salaries | (3,233,745) | (2,972,793) |
| Staff NIC (Employers) | (310,887) | (282,338) |
| Staff pensions (Defined benefit) | (539,000) | (507,000) |
| Staff training | (12,578) | (34,994) |
| Other employment costs | (4,152) | (46,712) |
| | <u>(4,096,522)</u> | <u>(3,835,815)</u> |
| Gross profit | 5,836,260 | 5,617,377 |
| Gross profit (%) | 58.76% | 59.42% |
| Administrative expenses | | |
| Administrative expenses | (5,899,494) | (5,673,765) |
| Operating loss | (63,234) | (56,388) |
| Other interest receivable and similar income | | |
| Other finance income | (70,394) | (82,589) |
| Interest payable and similar charges | | |
| Interest on defined benefit pension scheme | 26,000 | (18,000) |
| Profit before tax | <u>33,160</u> | <u>8,201</u> |

Strata Service Solutions Limited

Detailed Profit and Loss Account

Year Ended 31 March 2025

| | 2025 £ | 2024 £ |
|--|------------------|------------------|
| Administration costs | | |
| Repairs and maintenance | 7,963 | 10,992 |
| Telephone and fax | 361,706 | 404,555 |
| Licences and support | 1,884,754 | 1,563,400 |
| Computer software and maintenance costs | 1,916,713 | 2,012,771 |
| Printing, postage and stationery | 733,436 | 627,807 |
| Trade subscriptions | 13,836 | 17,310 |
| Sundry expenses | 46,157 | 38,660 |
| Travel and subsistence | 6,410 | 6,034 |
| Advertising | 89,578 | 129,379 |
| Auditor's remuneration | 14,960 | 12,700 |
| Internal audit costs | 9,958 | 9,783 |
| Legal and professional | 202,948 | 203,338 |
| Bank charges | 106 | 1,423 |
| Amortisation of intangible assets | 411,826 | 401,815 |
| Depreciation of computer equipment (owned) | 199,143 | 233,798 |
| | <u>5,899,494</u> | <u>5,673,765</u> |

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STRATA JOINT EXECUTIVE COMMITTEE STRATA JOINT SCRUTINY COMMITTEE

DATE OF MEETING: 9 JULY 2025
23 JULY 2025

PUBLICATION DATE: 17 JUNE 2025

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING AND OPERATIONAL
PERFORMANCE – APRIL 2025-26

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of April 2025.

2. BACKGROUND

- 2.1 The Company has been given a total of £8.72 million to run the IT Services in 2025-26 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 April 2025

3.1 Business Plan Budget

The 2025-26 Business Plan sets out a plan for the costs which will be met by the Contract Payment and Other Income. Any savings generated during the year will be distributed to the Councils at the year end.

3.2 Key Variations from Revenue Budget

Strata are projecting a small additional surplus in 2025-26 (Appendix A). The key variations are set out below:

| Expenditure Type | Projected Over / (Underspend) £ | Detail |
|----------------------|---------------------------------|---|
| Employees | (88,648) | <ul style="list-style-type: none"> Underspend projected due to Graphics team budget moving back to EDDC and phased onboarding of project staff for new posts created by the reorganisation |
| Supplies & Services | (1,746) | <ul style="list-style-type: none"> Overall underspend due Graphics budget moving back to EDDC offset by extension of email security contract not factored into Budget |
| Taxation on Interest | 9,431 | <ul style="list-style-type: none"> Higher taxation due to higher interest received on cash reserves |
| Income - Revenue | 106,746 | <ul style="list-style-type: none"> Adverse to Budget due to removal of EDDC Graphics team budget |
| Investment interest | (29,637) | <ul style="list-style-type: none"> Interest from cash deposits higher due to continued high Base Rate (partially offset by Corporation Tax charge) |

As in the previous three financial years, in order to support Strata through its transformation program £683k of additional savings from the financial year 2024-25 are to be returned to Strata to fund the transition from onsite servers to a cloud based server solution in 2025-26.

3.3 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. This account is brought to zero at the year end.

4 OPERATIONAL PERFORMANCE

4.1 Summary

The target Service Level Agreement (SLA) for resolving Incidents is 85%. During the 3 months to April 30th, Strata achieved 92.98%. This is down slightly from the October 2024 performance which was approaching 96% but can be explained by two main factors. Firstly the considerable change to the main IT platform, moving from a Virtual Desktop Infrastructure, more commonly known as Global Desktop by the councils, to a superior End User Compute (EUC) model. This amount of change inevitably brings an increased number of incidents as new systems and ways of working bed in. Secondly the Service Desk staff are heavily involved with the roll out of EUC and are the same staff who would typically resolve the majority of incidents. The Strata Management Team continue to closely monitor the SLA on a weekly basis, and will make adjustments to staffing levels and or pace of the roll out as needed, in consultation with the councils.

Satisfaction amongst end users continues to be high, standing at 4.4 out of 5 at the end of April.

5 RECOMMENDATIONS

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

| | |
|---|---|
| Suzanne Edwards Finance Lead – Commercial | Contact details E-mail: suzanne.edwards@exeter.gov.uk |
| David Sercombe - Head of Applications, Development & Service | Contact details E-mail: david.sercombe@strata.solutions |

BUDGET MONITORING
30 April 2025



STRATA SERVICE SOLUTIONS - REVENUE BUDGET

| | REVENUE BUDGET | ACTUAL & COMMITMENTS to 30 APRIL 2025 | PROJECTED 2025-26 OUTTURN | OUTTURN VARIANCE TO BUDGET |
|---|-------------------|---|------------------------------|----------------------------------|
| | £ | £ | £ | £ |
| EMPLOYEES | 3,965,500 | 171,456 | 3,876,852 | (88,648) |
| SUPPLIES & SERVICES | 4,749,797 | 2,250,751 | 4,748,051 | (1,746) |
| TRANSPORT | 7,499 | 49 | 7,499 | 0 |
| SUPPORT SERVICES | 60,000 | 0 | 60,000 | 0 |
| TAX ON INTEREST | 0 | 0 | 9,431 | 9,431 |
| INCOME - REVENUE | (8,762,795) | (3,266,375) | (8,656,049) | 106,746 |
| INVESTMENT INTEREST | (20,000) | (5,733) | (49,637) | (29,637) |
| Net (Income)/Expense | 0 | (849,852) | (3,853) | (3,853) |
| 2024-25 Profit handback - Income | (683,000) | 0 | (683,000) | 0 |
| 2024-25 Profit handback - Exps | 683,000 | 0 | 683,000 | 0 |
| 2024-25 Profit handback Net (Inc)/Exps | 0 | 0 | 0 | 0 |

COUNCIL RECHARGE

| | ACTUAL TO DATE |
|------------------------------------|----------------|
| | £ |
| EMPLOYEES | 0 |
| SUPPLIES & SERVICES | 13,921 |
| TRANSPORT | 0 |
| INCOME | 75,220 |
| TO BE RECHARGED TO COUNCILS | 89,141 |

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