

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

DATE OF MEETING: 11 JANUARY 2021
25 JANUARY 2021

PUBLICATION DATE: 14 DECEMBER 2020

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING NOVEMBER - 2020/21

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of November 2020.

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 November 2020

3.1 Savings as per Business Plan

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

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

		Capital Expenditure Savings	Projected Revenue Savings	Actual Revenue Savings	Variance
2015-16	Year 1	(443,932)	(262,098)	(232,000)	30,098
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	(80,000)
2017-18	Year 3	(358,222)	(252,836)	(565,000)	(312,164)
2018-19	Year 4	(459,609)	(381,961)	(620,000)	(238,039)
2019-20	Year 5	(129,300)	(853,888)	(1,074,000)**	(219,641)
2020-21	Year 6	867,962	(696,167)		696,167
2021-22	Year 7	(138,000)	(662,091)		662,091
2022-23	Year 8	(9,884)	(701,005)		701,005
2023-24	Year 9	(196,902)	(825,202)		825,202
2024-25	Year 10	(374,300)	(908,996)		908,996
Total		(1,554,709)	(5,564,244)	(2,591,000)	

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

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

3.2 Key Variations from Revenue Budget

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 slightly ahead of this increased target. The key variations are set out below:

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Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(50,919)	<ul style="list-style-type: none"> • Additional capacity brought in to support the Helpdesk; • Offset by lower overtime costs, holding vacancies and capitalisation of some staff;
Supplies & Services	(118,941)	<ul style="list-style-type: none"> • Savings in key contracts e.g. Broadband. •
Transport	(22,824)	<ul style="list-style-type: none"> • Significantly lower transport costs.
Income - Revenue	157,211	<ul style="list-style-type: none"> • Reduction in additional staff funded by the Councils directly; • Reduced Document Centre recharges; • Income from capitalised staff not shown in revenue account.

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.

RECOMMENDATIONS

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

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