

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

**DATE OF MEETING:** 6 SEPTEMBER 2022  
20 SEPTEMBER 2022

**PUBLICATION DATE:** 24 AUGUST 2022

**REPORT OF:** STRATA FINANCE

**SUBJECT:** STRATA BUDGET MONITORING – JULY 2022/23

**1. PURPOSE**

1.1 This report advises on the financial position of Strata at the end of July 2022.

**2. BACKGROUND**

2.1 The Company has been given a total of £6.92 million to run the IT Services in 2022/23 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 July 2022**

**3.1 Savings as per Business Plan**

The 2022-23 Interim 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>Projected Revenue Savings</b>	<b>Actual Revenue Savings</b>	<b>Variance</b>
2015-16	Year 1	(262,098)	(232,000)	<b>30,098</b>
2016-17	Year 2	(20,000)	(100,000)*	<b>(80,000)</b>
2017-18	Year 3	(252,836)	(565,000)	<b>(312,164)</b>
2018-19	Year 4	(381,961)	(620,000)	<b>(238,039)</b>
2019-20	Year 5	(853,888)	(1,074,000)**	<b>(219,641)</b>
2020-21	Year 6	(696,167)	(1,051,000)***	<b>(355,258)</b>
2021-22	Year 7	(747,804)	(1,260,000)	<b>(512,196)</b>
2022-23	Year 8	(772,415)		<b>772,415</b>
2023-24	Year 9	(851,074)		<b>851,074</b>
2024-25	Year 10	(905,398)		<b>905,398</b>
<b>Total</b>		<b>(5,743,641)</b>	<b>(4,902,000)</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.

\*\*\* 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.

### 3.2 Key Variations from Revenue Budget

Strata is projecting a small additional surplus for the year (Appendix A). The key variations are set out below:

<b>Expenditure Type</b>	<b>Projected Over / (Underspend) £</b>	<b>Detail</b>
Employees	132,533	<ul style="list-style-type: none"> <li>Overspend due to Managing Director consultancy costs</li> </ul>
Supplies & Services	(148,960)	<ul style="list-style-type: none"> <li>Lower spend than budgeted on key Microsoft products, WAN &amp; Telephony contracts</li> <li>Refund for overbilling on Telephony contract in 2021-22</li> </ul>

Expenditure Type	Projected Over / (Underspend) £	Detail
Transport	(23,156)	<ul style="list-style-type: none"><li>Significantly lower transport costs</li></ul>
Income - Revenue	13,381	<ul style="list-style-type: none"><li>Teignbridge District Council Hardware Supplies budget handback partially offset by higher Telephony recharges than Budgeted</li></ul>
Investment Income	(11,830)	<ul style="list-style-type: none"><li>Higher interest on cash balances than Budgeted</li></ul>

### 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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