

**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 OUTTURN - 2021/22

1. PURPOSE

1.1 This report advises on the financial position of Strata at the end of 2021-22.

2. BACKGROUND

2.1 The Company has been given a total of £6.824 million to run the IT Services in 2021/22 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 2022

3.1 Savings as per Business Plan

The 2021-22 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.

		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)*	(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)**	(219,641)
2020-21	Year 6	(696,167)	(1,051,000)***	(354,833)
2021-22	Year 7	(747,804)	(1,260,111)	(512,307)
2022-23	Year 8	(701,005)		701,005
2023-24	Year 9	(825,202)		825,202
2024-25	Year 10	(908,996)		908,996
Total		(5,649,957)	(4,902,111)	

* 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 has delivered £1,260,111 of revenue savings in 2021-22 (Appendix A) and has refunded £760,000 (on top of the £500,000 reduction at the beginning of the year). The key variations are set out below:

Expenditure Type	Actual Over / (Underspend) £	Detail
Employees	(41,020)	<ul style="list-style-type: none"> Lower cost due to staff vacancies and reduced spend on training
Supplies & Services	(362,828)	<ul style="list-style-type: none"> Lower spend on key contracts e.g. Microsoft products Savings on renegotiated contracts e.g. Ricoh, Virgin Media

Expenditure Type	Actual Over / (Underspend) £	Detail
		<ul style="list-style-type: none">• Budgeted costs delayed into next financial year due to extended lead times on hardware• Budgeted revenue spend substituted with capital expenditure eg Web Filtering product, Server Hosts
Transport	(23,800)	<ul style="list-style-type: none">• Significantly lower transport costs
Income - Revenue	(82,566)	<ul style="list-style-type: none">• Additional contract income to fund Covid recovery spend• Higher Document Centre and Telephony recharges than Budgeted• Offset by budgeted revenue spend vired to Capital

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 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 16 June 2022.

RECOMMENDATIONS

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

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