

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

DATE OF MEETING: 27 JUNE 2023
5 OCTOBER 2023

PUBLICATION DATE: 9 JUNE 2023

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING – APRIL 2023-24

1. PURPOSE

1.1 This report advises on the financial position of Strata at the end of April 2023.

2. BACKGROUND

2.1 The Company has been given a total of £7.38 million to run the IT Services in 2023-24 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 2023

3.1 Savings as per Business Plan

The 2023-24 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.

		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)**	(220,112)
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	(702,415)	(1,079,832)****	(377,417)
2023-24	Year 9	(754,254)		754,254
2024-25	Year 10	(790,924)		790,924
Total		(5,462,347)	(5,981,943)	

* 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.

**** 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.

3.2 Key Variations from Revenue Budget

Strata is currently projecting an outturn broadly in line with the Budget this year (Appendix A). The key variations are set out below:

Expenditure Type	Projected Over / (Underspend) £	Detail
Employees	333,200	<ul style="list-style-type: none"> • Overspend due to: <ul style="list-style-type: none"> ○ organisational change consultancy costs and

Expenditure Type	Projected Over / (Underspend) £	Detail
		<ul style="list-style-type: none">○ higher estimate of 2023-24 pay award
Supplies & Services	45,413	<ul style="list-style-type: none">• Higher spend than budgeted on key Microsoft products due to increased licence volumes• Delayed mobile phone invoices from 2022-23 posted in 2023-24
Income - Revenue	(377,000)	<ul style="list-style-type: none">• Additional income from 2022-23 additional savings hand back, subject to Councils' approval

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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