

STRATA JOINT SCRUTINY COMMITTEE STRATA JOINT EXECUTIVE COMMITTEE

DATE OF MEETING: 16 JANUARY 2024
30 JANUARY 2024

PUBLICATION DATE: 19 DECEMBER 2023

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING and PERFORMANCE
– NOVEMBER 2023-24

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of November 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 November 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 revenue 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 projecting a small additional surplus in 2023-24 (Appendix A). The key variations are set out below:

| Expenditure Type | Projected Over / (Underspend) £ | Detail |
|---------------------|---------------------------------|---|
| Employees | 91,014 | <ul style="list-style-type: none"> Overspend due to higher 2023-24 pay award than budgeted |
| Supplies & Services | (73,047) | <ul style="list-style-type: none"> Lower than expected contract increases on some key software contracts; and Lower spend on telephony due to successful renegotiation of lower mobile phone contract prices, partially offset by: Higher spend than budgeted on key Microsoft products due to increased licence volumes |
| Income - Revenue | (31,304) | <ul style="list-style-type: none"> Additional income from higher than budgeted Document Centre and staff cost recharges |
| Investment interest | (44,036) | <ul style="list-style-type: none"> Interest from cash deposits higher due to high Base Rate |

In order to support Strata through a program of organisational change £377k of additional savings from the financial year 2022-23 were returned to Strata for revenue spend in addition to business as usual spend (as outlined in the table above). Of the £377k additional savings received in 2023-24 £133k has been spent to date. Spend to year end is forecast to be £216k with the remaining £161k of spend expected in 2024-25 (Appendix A).

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.

4.0 Strata Performance

Strata monitors the performance of resolving Incidents (when systems or devices break or degrade in performance) and Requests (new equipment or systems, or changes to existing systems) on a monthly basis. Key metrics are the number of open Incidents or Requests at the end of the month, and the resolution time of the Incidents.

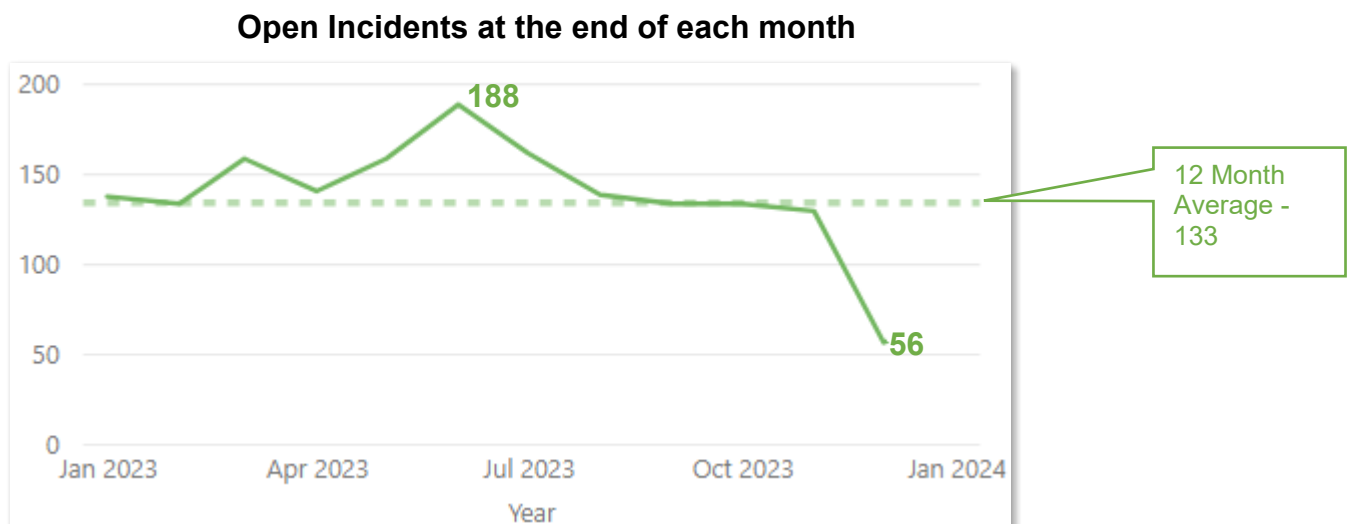
4.1 Incidents

Incidents are when systems and hardware break or don't performing as intended.

During the period 01/01/2023 to 31/12/2023 Strata received 6,447 Incidents, of these 536 breached the internal Strata target for completion resulting in an overall completion rate of **91.7%** within target for the 12 month period.

In November 2023 the priority levels were reviewed and revised along with the target times for completion. This resulted in more stringent completion targets and as a result saw a slight reduction in completion against the revised targets over the period of **83.1%** This will be Strata's new baseline going forward and will the measure we will work to improve on over the coming months.

The graph below shows the number of open incidents at the end of each month for the last 12 months.



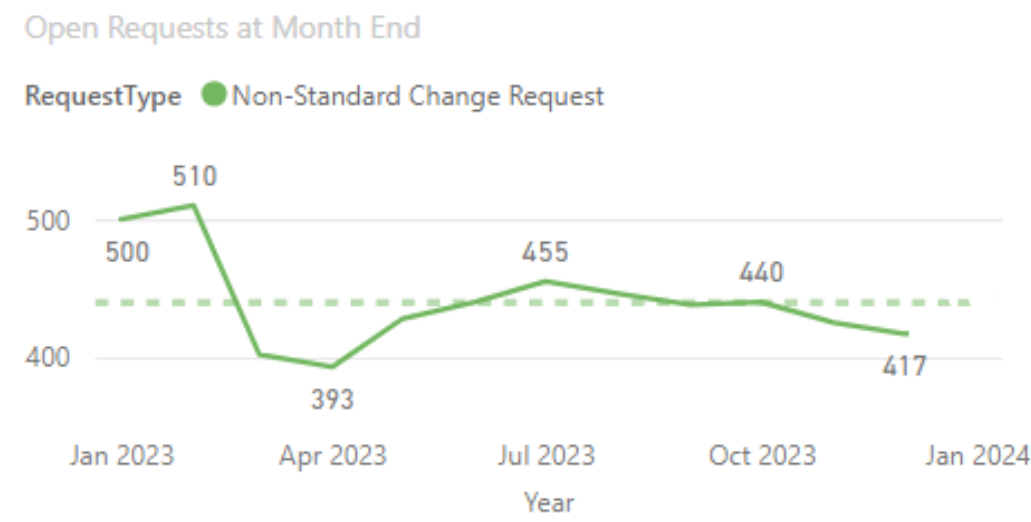
In addition to the completion time targets, Strata also monitors the number of incidents that remain open at the end of each month. As can be seen in seen in the graph above, the number of open incidents has reduced steadily from a peak of **188 in June 2023** to a 12 month low of **56 in December 2023**. This can be attributed to greater focus on incident completion due to the new Priority targets, and a freeing up of capacity in the Service Desk following completion of several large projects, such as the

decarbonisation work in Teignbridge and the roll out of Microsoft 365 across Exeter and East Devon.

4.2 Requests

Requests are defined by Strata as calls that result in new equipment or systems, or changes to existing equipment or systems.

During 2023 Strata **received 1273** Non-Standard change Requests and **Completed 1442**



The Graph above shows the number of non-standard Requests open at the end of each month. As can be seen since July 2023 there has been a steady reduction in the number of requests open from 455 to the current number of 417. Since January 2023 there has been an approximate 20% reduction in the number of outstanding requests. This has been achieved by adoption of a more Agile method of managing requests and a focus of working with the authorities to remove low value work, so that Strata can focus on the higher value transformational work to support the authorities in achieving their objectives.

4.3 Satisfaction

When an Incident or Request is closed Strata sends a survey to the user to get feedback on their experience.

Feedback across all satisfaction indicators remains high with both satisfaction for requests and incidents running around **4.5 out of 5**.

Strata also undertakes sentiment analysis of the free text comments made when providing specific feedback on completed incidents and requests. The Comments are

given a score between 1 (Very positive feedback) and 0 (very negative feedback). The overall Sentiment currently stands at **0.95 for incidents** and **0.96 for Requests**, indicating a very positive sentiment.

5.0 RECOMMENDATIONS

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

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