

STRATA JOINT EXECUTIVE COMMITTEE STRATA JOINT SCRUTINY COMMITTEE

DATE OF MEETING: 3 SEPTEMBER 2024
17 SEPTEMBER 2024

PUBLICATION DATE: 13 AUGUST 2024

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING OUTTURN - 2023-24

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of 2023-24.

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 31 March 2024

3.1 Savings as per Business Plan

The 2023-24 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) ¹	(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) ²	(220,112)
2020-21	Year 6	(696,167)	(1,051,000) ³	(354,833)
2021-22	Year 7	(747,804)	(1,260,111)	(512,307)
2022-23	Year 8	(702,415)	(1,079,832) ⁴	(377,417)
2023-24	Year 9	(754,254)	(952,756)	(198,502)
2024-25	Year 10	(749,133)		749,133
Total		(5,580,419)	(6,934,698)	

¹ 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.

² Strata reduced the payments for the Councils by £500,000 at the start of the year.

³ 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.

⁴ 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.

The three Councils agreed for £377k of excess revenue savings from 2022-23 to be handed back to Strata in 2023-24 to fund delayed revenue expenditure from 2022-23 and a programme of organisational change which commenced during 2023-24. £198k of this additional income was not spent in 2023-24 and is included in the Actual Revenue Savings. As approved in the 2024-25 Business Plan the £198k savings in excess of the 2023-24 Projected Revenue Savings of £754k will be handed back to Strata in 2024-25 as the organisational change programme continues, to provide resources where gaps have been identified in capacity and skills to deliver the objectives of the Councils.

3.2 Key Variations from Revenue Budget

Strata has delivered £952,756 of revenue savings in 2023-24 (Appendix A) and has refunded £452,000 (on top of the £500,000 Contract Payment reduction at the beginning of the year). The key variations are set out below:

Expenditure Type	Actual Over / (Underspend) £	Detail
Employees	336,989	<ul style="list-style-type: none"> Higher cost due to organisational change consultancy fees (funded by 2022-23 profit hand back) 2023-24 pay award higher than budgeted
Supplies & Services	(69,700)	<ul style="list-style-type: none"> Lower spend on some contracts and lower telephony costs due to renegotiated contract prices Partially offset by higher than budgeted Microsoft licencing costs due to increased volumes and telephony cost due to mobile data overages and copper line rental cost increases
Taxation on Interest	18,136	<ul style="list-style-type: none"> Higher taxation due to higher interest received on cash reserves
Income - Revenue	(420,515)	<ul style="list-style-type: none"> Additional income from 2022-23 profits handed back to Strata by the Councils to fund organisational change consultancy fees and higher recharges to the Councils from Document Centre services
Investment Interest	(62,589)	<ul style="list-style-type: none"> Higher interest received from cash reserves (partially offset by Corporation Tax charge)

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 position and depreciation. The Statutory Accounts were approved by the Board on 13 June 2024.

RECOMMENDATIONS

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

Suzanne Edwards Finance Manager – Commercial	Contact details Tel: 01392 265150 E-mail: suzanne.edwards@exeter.gov.uk
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