

STRATA JOINT EXECUTIVE COMMITTEE STRATA JOINT SCRUTINY COMMITTEE

DATE OF MEETING: 9 JULY 2025
23 JULY 2025

PUBLICATION DATE: 17 JUNE 2025

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING AND OPERATIONAL
PERFORMANCE OUTTURN - 2024-25

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of 2024-25.

2. BACKGROUND

- 2.1 The Company has been given a total of £8.299 million to run the IT Services in 2024-25 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 2025

3.1 Savings as per Business Plan

The original ten year Business Case has met its objectives and saving profile therefore the 2024-25 Business Plan moved away from delivering a savings profile and shifted to a transformational focus. The programme of transformation identified the requirement for additional resources for its delivery.

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) ⁵	(198,502)
2024-25	Year 10	-	(683,000)	(683,000)
Total		(4,671,423)	(7,617,699)	

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.

⁵ As in 2022-23 excess revenue savings were handed back to Strata in 2023-24 to help fund a programme of organisational change which commenced during 2022-23. £198k of this additional income was not spent in 2023-24 and is included in the Actual Revenue Savings.

The 2024-25 Business Plan set out a plan for the costs to be met by the Contract Payment. The three Councils agreed for £198k of excess revenue savings from 2023-24 to be handed back to Strata in 2024-25 to fund the organisational change programme. £166k of this additional income was not spent in 2024-25 and is included in the £683k Actual Revenue Savings. As approved in the 2025-26 Business Plan the 2024-25 savings of £683k will be handed back to Strata in 2025-26 as the transformation change programme continues, to fund the transition from onsite servers to a cloud based server solution.

3.2 Key Variations from Revenue Budget

Strata has delivered £683,000 of revenue savings in 2024-25 (Appendix A) and has refunded £683,000 to the Councils at the year end. The key variations are set out below:

Expenditure Type	Actual Over / (Underspend) £	Detail
Employees	(45,437)	<ul style="list-style-type: none"> Lower cost due to phased onboarding of new roles, partially offset by redundancy costs from staff reorganisation
Supplies & Services	(326,366)	<ul style="list-style-type: none"> Lower cost mainly related to delivery of Business Plan initiatives. Timing of large procurements adjusted to provide positive cost variance in 2024-25
Taxation on Interest	15,279	<ul style="list-style-type: none"> Higher Corporation Tax charge due to higher interest received on cash reserves
Income - Revenue	(267,377)	<ul style="list-style-type: none"> Higher income due to: <ul style="list-style-type: none"> Additional income from 2023-24 profits handed back to Strata by the Councils Higher recharges relating to General Election services CAFReady grant income awarded during the year
Investment Interest	(58,244)	<ul style="list-style-type: none"> Interest from cash deposits higher due to continued high Base Rate (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 audited 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 12 June 2025. The Audit Completion report's conclusions found:

- No evidence of fraud and management override of controls
- No evidence of fraud or material misstatement in relation to revenue recognition
- No evidence of fraud or material misstatement in relation to related party disclosures

- No deficiencies in internal controls considered to be a material weaknesses

4 OPERATIONAL PERFORMANCE

4.1 Summary

Key Performance Indicators are monitored and discussed at the Strata management Team meeting held on a weekly basis . Whilst performance continues to exceed the agreed Service Level Agreement (SLA) of 85% of incidents being resolved within target, we have seen a gradual decrease in SLA during the 24/25 financial year, from a starting position of 95% in April 2024 to 90.2% in March 2025. This can be explained by 2 main factors. Firstly, there is a significant amount of change to the core IT platform as we reduce the reliance on Global Desktop and introduce the superior End User Computing (EUC) model. Secondly, the Service Desk staff, typically responsible for resolving the majority of incidents received, are also involved in the roll-out of EUC, which has inevitably reduced their capacity to manage incidents. The Strata management team continued to closely monitor performance and any impact that this had through the year and made adjustments to staffing levels where appropriate to maintain the agreed SLA.

In the 24/25 Financial year Strata received 9201 Incidents, over the year Strata received an average closure rate within SLA of 92.99%

Standard Service Requests, (which cover standard, repeatable activities like hardware purchases, granting permissions to systems, new starters etc.) have followed a similar trajectory to Incidents for the same reasons as outlined above. Again these are closely monitored by the Strata Management team.

Throughout 24/25 customer satisfaction with how Strata handle both incidents and Service requests has remained consistently high, averaging 4.5 out of 5

5 RECOMMENDATIONS

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

Suzanne Edwards Finance Lead – Commercial	Contact details E-mail: suzanne.edwards@exeter.gov.uk
David Sercombe - Head of Applications, Development & Service	Contact details E-mail: david.sercombe@strata.solutions