

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

DATE OF MEETING: 4 SEPTEMBER 2019
24 SEPTEMBER 2019

PUBLICATION DATE: 22 AUGUST 2019

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING Q1 - 2019/20

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of the first quarter of 2019-20.

2. BACKGROUND

- 2.1 The Company has been given a total of £6.531 million to run the IT Services in 2019/20 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 June 2019

3.1 Savings as per Business Plan

The 2018-19 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. Although the Business Plan has not been fully agreed, the Joint Executive Committee approved the spending plans and budget therein.

A breakdown of the revised saving summary is set out below.

		Capital Expenditure Savings	Projected Revenue Savings	Actual Revenue Savings	Variance
2015-16	Year 1	(443,932)	(262,098)	(232,000)	30,098
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	(80,000)
2017-18	Year 3	(358,222)	(252,836)	(565,000)	(312,164)
2018-19	Year 4	(459,609)	(381,961)	(620,000)	(238,039)
2019-20	Year 5	(129,300)	(853,888)		853,888
2020-21	Year 6	867,962	(696,167)		696,167
2021-22	Year 7	(138,000)	(662,091)		662,091
2022-23	Year 8	(9,884)	(701,005)		701,005
2023-24	Year 9	(196,902)	(825,202)		825,202
2024-25	Year 10	(374,300)	(908,996)		908,996
Total		(1,554,709)	(5,363,500)	(1,517,000)	

* 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.

3.2 Key Variations from Revenue Budget

Strata is projected to deliver £812,900 of revenue savings in 2019-20 (Appendix A) a projected shortfall currently of around £41,000. The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(138,217)	<ul style="list-style-type: none"> Some staffing changes projected for later in the year have already happened. Members will recall that two temporary posts were approved using the additional savings in 2016-17.
Supplies & Services	115,865	<ul style="list-style-type: none"> Some unexpected additional costs arising from higher than inflation increases in software licence costs.
Income - Revenue	64,813	<ul style="list-style-type: none"> Significant reduction in additional staff funded by the Councils directly.

The Company has set itself a challenging target this year after a detailed analysis of spend projections of the rest of the 10 year plan. It is important to note that:

- The Councils have already been given £500,000 of refund in advance through lower initial payments (hence why the figures in the appendix are £500,000 lower);
- Strata has also reduced the monthly cost of each mobile device by £1.50 from £5 a month to £3.50 a month providing additional savings to the Councils.

The Company is working on further opportunities to deliver the extra £40,000, by renegotiating mobile phone contracts with Vodafone, EE and O2. The target for the Company is to deliver the additional shortfall by the end of the financial year.

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. To date Councils have paid the following for additional IT.

East Devon	84,814
Exeter	88,318
Teignbridge	63,553

3.4 Statement of Accounts

The final Statement of Accounts have been approved by the Board and are with the External Auditors for final signatures. There are no changes to the Accounts previously presented and no change to the refund is requested.

RECOMMENDATIONS

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

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