

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

**DATE OF MEETING:** 13 JANUARY 2020  
27 JANUARY 2020

**PUBLICATION DATE:** 9 JANUARY 2020

**REPORT OF:** STRATA FINANCE

**SUBJECT:** STRATA BUDGET MONITORING NOVEMBER - 2019/20

**1. PURPOSE**

- 1.1 This report advises on the financial position of Strata at the end of November 2019.

**2. BACKGROUND**

- 2.1 The Company has been given a total of £6.097 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 November 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.

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

\* 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 £323,759 of revenue savings in 2019-20 (Appendix A) a projected shortfall currently of around £30,000. Councils bills were reduced by £500,000 up front, therefore Strata are broadly on track to deliver the savings set out in the business plan. This is after taking into account the approved £50,000 expenditure on exploring commercialisation.

The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(138,229)	<ul style="list-style-type: none"> <li>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.</li> </ul>
Supplies & Services	142,698	<ul style="list-style-type: none"> <li>Some unexpected additional costs arising from higher than inflation increases in software licence costs.</li> </ul>
Income - Revenue	32,287	<ul style="list-style-type: none"> <li>Reduction in additional staff funded by the Councils directly.</li> </ul>

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:

- 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;
- Strata has successfully renegotiated mobile phone contracts with Vodafone, EE and O2. The savings will directly benefit each Council through reduced mobile phone bills and the level of saving will vary depending on which operator each Council uses.

### 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	180,012
Exeter	93,570
Teignbridge	134,539

## RECOMMENDATIONS

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

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