

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

DATE OF MEETING: 8 SEPTEMBER 2020
22 SEPTEMBER 2020

PUBLICATION DATE: 17 AUGUST 2020

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING – QUARTER 1 2020/21

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of 2020-21, including both revenue and capital spend.

2. BACKGROUND

- 2.1 The Company has been given a total of £6.60 million to run the IT Services in 2020/21 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 2020

3.1 Savings as per Business Plan

The 2017-18 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.

		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)	(1,073,529)**	(219,641)
2020-21	Year 6	867,962	(696,167)		
2021-22	Year 7	(138,000)	(662,091)		
2022-23	Year 8	(9,884)	(701,005)		
2023-24	Year 9	(196,902)	(825,202)		
2024-25	Year 10	(374,300)	(908,996)		
Total		(1,554,709)	(5,564,244)	(2,590,529)	(819,746)

* 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.

3.2 Key Variations from Revenue Budget (Appendix A)

In order to support the Councils during this difficult year, Strata has identified a further £320,000 of in year reductions through temporarily keeping posts vacant, reduced travel and better contract management. The latest projection estimates that Strata are some £50,000 short of this increased target, but further staff changes are expected to close the gap over the remainder of the year. The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(159,003)	<ul style="list-style-type: none"> Some staff budgeted for in the business plan have been charged to capital; Lower overtime costs; Some posts being kept vacant until the new financial year.
Supplies & Services	9,225	<ul style="list-style-type: none"> Generally on track.

Expenditure Type	Projected Over / (Underspend)	Detail
Transport	(23,215)	<ul style="list-style-type: none"> Lower travel costs as a result of homeworking.
Income - Revenue	224,584	<ul style="list-style-type: none"> Income for staff working on projects accounted for as capital grant, not revenue; Further reduction in telephone income; Reduced Document Centre recharges.

3.3 Key Variations from Capital Budget

Strata's capital budgets are separated into two sections. The original infrastructure set out in the Business Plan as updated using the annual contribution from Councils and projects, either convergence or Council specific. The Company has received capital funds to finance all projects along with £150,000 a year towards improvements to the main network.

3.4 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.

3.5 Statement of Accounts

The final 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 deficit and depreciation. The Accounts were approved by the Board on 19 June 2020.

RECOMMENDATIONS

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

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