

STRATA JOINT EXECUTIVE COMMITTEE

DATE OF MEETING: 19 JANUARY 2022

PUBLICATION DATE: 9 DECEMBER 2021

REPORT OF: STRATA FINANCE

SUBJECT: STRATA BUDGET MONITORING – NOVEMBER 2021/22

1. PURPOSE

- 1.1 This report advises on the financial position of Strata at the end of November 2021.

2. BACKGROUND

- 2.1 The Company has been given a total of £6.60 million to run the IT Services in 2021/22 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 2021

3.1 Savings as per Business Plan

The 2021-22 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.

		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)*	(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)**	(219,641)
2020-21	Year 6	(696,167)	(1,051,000)***	(355,258)
2021-22	Year 7	(747,804)		747,804
2022-23	Year 8	(785,670)		785,670
2023-24	Year 9	(851,074)		851,074
2024-25	Year 10	(905,398)		905,398
Total		(5,756,896)	(3,642,000)	

* 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.

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

*** 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.

3.2 Key Variations from Revenue Budget

Strata is projecting a small additional surplus, which will be used to support some projects that have been delayed by Covid. The key variations are set out below:

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Expenditure Type	Projected Over / (Underspend) £	Detail
Employees	(12,047)	<ul style="list-style-type: none"> On track
Supplies & Services	103,431	<ul style="list-style-type: none"> Specific fund to prioritise projects delayed by Covid.
Transport	(24,817)	<ul style="list-style-type: none"> Significantly lower transport costs.
Income - Revenue	(101,340)	<ul style="list-style-type: none"> Additional contract income being used to fund additional spend in supplies & services

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.

RECOMMENDATIONS

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

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