



Solutions for government

## STRATA - JOINT EXECUTIVE COMMITTEE

Date: Tuesday 26 September 2017

Time: 5.30 pm

Venue: Rennes Room, Civic Centre, Paris Street, Exeter

Members are invited to attend the above meeting to consider the items of business.

If you have an enquiry regarding any items on this agenda, please contact Sarah Selway, Democratic Services Manager on 01392 265275.

### *Membership -*

Councillors Christophers, Diviani (Chair) and Edwards

Non-voting Members Hassan, Shears and Williams

## Agenda

### **Part I: Items suggested for discussion with the press and public present**

#### **1 Apologies**

To receive apologies for absence from Committee members.

#### **2 Minutes**

To sign the minutes of the meeting held on 20 June 2017.

(Pages 5 -  
12)

#### **3 Declarations of Interest**

Councillors are reminded of the need to declare any disclosable pecuniary interests that relate to business on the agenda and which have not already been included in the register of interests, before any discussion takes place on the item. Unless the interest is sensitive, you must also disclose the nature of the interest. In accordance with the Council's Code of Conduct, you must then leave the room and must not participate in any further discussion of the item. Councillors requiring clarification should seek the advice of the Monitoring Officer prior to the day of the meeting.

**4 Local Government (Access to Information) Act 1985 - Exclusion of Press and Public**

It is considered that the Committee would be unlikely to exclude the press and public during consideration of any of the items on the agenda but, if it should wish to do so, the following resolution should be passed:-

**RECOMMENDED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the consideration of the particular item(s) on the grounds that it (they) involve(s) the likely disclosure of exempt information as defined in the relevant paragraphs of Part I, Schedule 12A of the Act.

**5 Questions from the Public Under Procedural Rules**

A period of up to 15 minutes will be set aside to deal with questions to the Committee from members of the public.

Each individual will be restricted to speaking for a total of 3 minutes.

*Where a question does not relate to an agenda item details of questions should be notified to the Proper Officer of the Relevant Council at least two working days prior to the meeting.*

**6 Questions from Members of the Councils under Procedural Rules**

To receive questions from Members of the Councils.

*Where a question does not relate to an agenda item details of questions should be notified to the Proper Officer of the Relevant Council at least two working days prior to the meeting.*

**7 Strata IT Director's Report**

To consider the report of the Strata IT Director.

(Pages 13  
- 34)

**8 Strata Budget Monitoring Quarter 1 - 2016/17**

To consider the report of the Director Responsible for Finance.

(Pages 35  
- 66)

**9 People data report - 2016/17**

To consider the report of the Alternate Director with lead responsibility for Human Resources.

(Pages 67  
- 72)

## **Date of Next Meeting**

The next scheduled meeting will be held on **Thursday** 7 December 2017 at **5.30 pm** .

Find out more about Exeter City Council services by looking at our web site *http://www.exeter.gov.uk*. This will give you the dates of all future Committee meetings and tell you how you can ask a question at a Scrutiny Committee meeting. Alternatively, contact the Democratic Services Officer (Committees) on (01392) 265115 for further information.

### **Follow us:**

[www.twitter.com/ExeterCouncil](http://www.twitter.com/ExeterCouncil)

[www.facebook.com/ExeterCityCouncil](http://www.facebook.com/ExeterCityCouncil)

**Individual reports on this agenda can be produced in large print on request to Democratic Services (Committees) on 01392 265275.**

This page is intentionally left blank

## **STRATA - JOINT EXECUTIVE COMMITTEE**

Tuesday 20 June 2017

### Present:-

Cllr Paul Diviani (Chair)  
Councillors Christophers and Edwards

Non-Voting Members  
K Hassan, P Shears and M Williams

### Also Present

Strata IT Director, Chief Finance Officer, Strata Board Director, Compliance and Security Manager, Business Systems Manager, Infrastructure and Support Manager, Programme & Resource Manager, Document Centre Manager and Democratic Services Manager (Committees)

16

### **ELECTION OF CHAIR**

Councillor Diviani was elected Chair.

17

### **APOLOGIES**

No apologies for absence were received.

18

### **MINUTES**

The minutes of the meeting held on the 27 March 2017 were taken as read and signed by the Chair as correct.

19

### **DECLARATIONS OF INTEREST**

No declarations of disclosable pecuniary interest were made.

20

### **STRATA IT DIRECTOR'S REPORT**

The Strata IT Director presented his report to update Members on the progress within Strata.

The Strata IT Director presented his comprehensive report providing an update on the function of the Strata organisation, the aim being to provide background to the core areas of specialisation within Strata and identifying key activities, successes and areas for improvement. He detailed a SWOT analysis developed in conjunction with the Strata Board and Strata staff and highlighted the following key areas:-

- Internal and External Communication – the first edition of the Strata Newsletter was tabled
- Supplier Management
- Projects and Business Change Requests - Workload
- Security including Cyber Threats

The Strata IT Director advised that improved management was now in place to give realistic timescales for business change requests (BCR) which would aid with the management of BCR's and the Councils would also know what they could expect.

In response to Members, the Strata IT Director clarified that the majority of issues with the Global Desk Top had been identified and that a recent survey of all Council staff had raised 11 factors including printing, taking a long time to log on, and problems with Microsoft Outlook. These issues were currently being investigated and a Global Desktop Improvement Plan had been compiled to ensure that resolutions were being worked on in a structured fashion.

Members discussed the need to ensure there was capacity to undertake BCR's and that Strata would not need to come back to the Council's for extra resources to take these forward.

The Chief Executive, East Devon District Council, raised concerns regarding the IT installation at Exmouth and that if it would be installed on time and fit for purpose.

Individual managers presented their respective areas as set out below:-

#### Infrastructure Projects - Adrian Smith

The Infrastructure and Support Manager advised that the issues with the data centre at Oakwood House in Marsh Barton, Exeter had been addressed by the installation of a new air conditioning system although a review would be undertaken of Oakwood House regarding its suitability as the location of the backup data centre.

As a result of the introduction of an external organisation at Teignbridge, refurbishment including IT systems was progressing rapidly and it was anticipated that Global Communication installation at Exmouth, as part of the overall relocation of the Council offices, would commence in Exmouth in late August.

Strata were currently undertaking a review of the Global Desktop environment (Global Desktop Improvement Programme) and looking at a number of issues that had been reported. The most pressing current problem with the Global Desktop was outlook crashing, other issues including wrong printer settings, blank screens, slow login and specific applications slowness including Excel. He assured Members that the problems encountered were being addressed. The current feedback satisfaction rate for the service desk was 97%. Strata was now working closely with students from Exeter College who had recently undertaken a project to redesign the Strata web site.

Strata officers clarified that the Housing and Benefits server had already been migrated to Exmouth and the file servers would be migrated in due course.

#### Document Centres - Martin Millmow

The Document Centre Manager reported that new printing devices would be rolled out, Ricoh having been the successful of seven tenderers and with the existing 80 printers to be reduced to 53 the new devices were equipped to cope with recent system upgrades, the roll out to commence with Exeter City Council. The Strata web design team had worked on a wide range of communication materials to support the second phase of the new East Devon District Council Waste and Recycling scheme.

The Document Centre Manager clarified that the printers would be able to use Wi-Fi and this would be rolled out in the second/third phase. Teignbridge District Council felt that this option was vital in light of staff now using laptops and mobile devices.

#### Programme and Resources – Steve Gammon

The Programme and Resources Manager detailed the 16 systems convergence projects being undertaken as requested by Council service managers and as agreed by the partner Councils and in the annual Strata Business Plan.

He referred to the increase in the cost of the Car Park system which, nevertheless, had been put back by the delay in the system's implementation and to the increase in cost (£13,000) of a new HR and Payroll system at Teignbridge to bring it in line with legislative changes.

#### Business Systems – Dave Sercombe

The Business Systems Manager provided an update on staff changes.

He reported that Strata were continuing to deliver the 70 plus system implementation and business case projects currently in progress, such a high demand placing pressure on business change requests. Some of the main projects were HR and Payroll and Garden Waste Renewals for Teignbridge, Document Management and Waste and Recycling rollouts for East Devon and Car Parks for East Devon and Teignbridge, Trade Waste Management for Exeter, the latter having experienced some issues with invoices that were being resolved.

#### Compliance and Security – Robin Barlow

The Compliance and Security Manager enlarged on the recent cyber-attacks explaining that hackers were constantly probing systems for weaknesses with up to a million probes a day common and with 20,000 attacks since March. A table detailed the source of attacks by nation. Extra vigilance was therefore vital.

The Compliance and Security team were analysing the requirements of the General Data Protection Regulations which would need to be complied with by May 2018.

General Data Protection Regulations (GDPR) was now coming forward and Strata would need to consider compliance with the GDPR directives as a priority moving forward.

Strata had agreed a new Public Services Network contract and delivered a saving of £20,000 over a two year term.

In response to a Member, the Compliance and Security Manager clarified that Strata had two firewalls.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the report be noted.

**STRATA BUDGET MONITORING OUT-TURN REPORT 2016/17**

The Director Responsible for Finance presented the report on advising on the financial performance of Strata during 2016-17, including both revenue and capital spend.

The Director responsible for Finance reported that Strata had been set a savings target of £254,052 in the original business case. Following approval to move staff to new Strata terms and conditions, a revenue saving of only £26,964 had been projected at the start of the financial year 2016/17. However, the Strata budget had delivered £310,950 of revenue savings for 2016/17 including employee savings of £51,695 resulting from vacancies, £54,000 from the mobile telephone budget and £318,356 from income, notably Central Government funds, especially for Revenue and Benefits systems.

Members were advised that Strata had repaid £100,000 to the Councils and the Board had identified the following options for the Strata Joint Executive Committee:-

- return the additional £200,000 to the Councils; or
- following the IT Director's review, two areas of the business had been identified which would benefit from additional resource in order to strengthen the service provided to Councils and to generate further savings. The Board had recommended the appointment of two Project Managers and one Supplier Engagement Manager on fixed term contracts for two years. The cost was estimated at £132,000 a year, with the balance of funding coming from anticipated additional savings generated by the Supplier Engagement Manager.

The two Project Manager posts would support the Business Analyst teams in delivering IT projects. This would enable the Business Analysts to focus on delivery and allow for better engagement with the client services. It would also alleviate many of the problems identified in the IT Director's report in respect of the strain and excessive workload that the team was currently facing.

The Supplier Engagement Manager post would work more closely with suppliers to drive greater efficiency in contract negotiation, again removing another element of work from the team. By having dedicated experts in project management and supplier engagement, the Company would be better placed to use the skills of its team to match the requirements of the customers.

A Member raised the option of having a compensation plan if Strata did not deliver projects on time. The Executive supported a report from the Strata Board on any possible compensation penalties.

The Director Responsible for Finance clarified the budget position regarding the Council's mobile phone data provision and that any changes to projects in the convergence plan would be reflected when the plan was updated.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that:-

- (1) the report be noted; and
- (2) the Board submit a report on compensation penalties for non-delivery of projects on time; and

**RECOMMENDED** that;-

- (3) the three Councils approve the appointment of two Project Managers and one Supplier Engagement Manager on fixed term contracts for two years. The cost is estimated at £132,000 a year, with the balance of funding coming from anticipated additional savings generated by the Supplier Engagement Manager.

22

**STRATA TRAINING AND DEVELOPMENT PLAN 2017/18**

The report of the HR Lead for Strata on Training and Development plan was submitted.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the report be noted.

23

**STRATA PERFORMANCE EXCELLENCE REVIEW FORM**

The report of the HR Lead for Strata on the Performance Excellence Review was submitted.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that Performance Excellence Reviews be noted.

24

**STRATA - EMPLOYEE REFERRAL SCHEME POLICY**

The report of the HR Lead for Strata for the Employee Referral Scheme Policy was submitted.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the Employee Referral Scheme Policy be noted.

25

**LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985 - EXCLUSION OF PRESS AND PUBLIC**

**RESOLVED** that, under Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 1, 2 and 3 of Part I, Schedule 12A of the Act.

26

**UPDATE ON DISCUSSIONS WITH SOFTWARE SUPPLIER**

The Strata IT Director updated Members on the discussions with Software Suppliers.

The Infrastructure Projects Manager updated Members on progress with a compensation package with a software supplier following the identification of a number of faults with the product. He advised that, unusually for a software supplier of this size, they had made a written gesture of goodwill and had offered to extend

the five year contract by 12 months and to offer professional support to assist with the upgrade.

The financial details of this offer were detailed.

Members discussed the offer and the way forward advised by the Strata Board Members present. They agreed that the financial offered should be accepted.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the financial settlement, as advised, be agreed.

27

### **TEIGNBRIDGE DIGITAL PLATFORM**

The Business Systems Manager presented the report updating Members on changes to timescales of the Digital Platform project at Teignbridge District Council.

Members were advised that, although it had been the intention to implement a Digital Platform for either East Devon or Teignbridge in March 2018, the former had commenced the refurbishment of Forde House to accommodate an external organisation and wished to commence digital convergence by September, the aim being to streamline service delivery to customers by taking a “digital first” approach and making the customer the heart of the process. There were no resource or cost implications for Strata.

Members noted that the Strata Business Plan would be updated to reflect this change in the scheduling of the Teignbridge Digital Platform.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the order of implementation and proposed changes to the timescales of the Teignbridge District Council Digital Platform be noted.

28

### **VIRGIN MEDIA BUSINESS**

The Strata IT Director updated Members on the position with the Virgin Media Business. He reported that significant problems had been encountered with the performance of the supplier, the implementation of a major system taking over 250 working days rather than the originally proposed lead time of 25 working days. This had meant that it had been necessary to tightly manage the project with ongoing discussions at a senior level with the company.

Members welcomed the update.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the update on the discussion be noted.

**STREET NAMING AND NUMBERING POLICY**

The Strata Manager Programme and Resources submitted a report on the proposal of a common Street Name & Numbering (SNN) policy for adoption by the three councils. The proposal was that East Devon District Council and Teignbridge District Council retain, and Exeter City Council adopt, the Town Improvement Clauses Act 1847 as a single and consistent basis for providing the Street Naming and Numbering function administered on behalf of the Councils by Strata.

Strata Joint Scrutiny Committee considered the report at its meeting on 15 June 2017 and its comments were reported.

**RESOLVED** that the report be noted; and

**RECOMMENDED** that Exeter City Council approves the adoption of the common Street Name & Numbering (SNN) policy and the revised charge of £147 with effect from 1 April 2017.

(The meeting commenced at 5.30 pm and closed at 7.10 pm)

Chair

This page is intentionally left blank



Solutions for  
government

# Strata Report

## Joint Scrutiny Committee & Joint Executive Committee

- JSC Meeting - 6<sup>th</sup> Sept 2017
- JEC Meeting – 26<sup>th</sup> Sept 2017

Date Issued: 26<sup>th</sup> August 2017

Period Covered: June 2017 – August 2017

---

Working together for East Devon, Exeter and Teignbridge

## Table of Contents

Table of Contents .....	2
Strata Management Team .....	3
Purpose of the Strata Report .....	4
IT Director Report.....	5
IT Director SWOT (Strengths, Weaknesses, Opportunities and Threats Analysis) .....	9
Workload Analysis .....	10
Strata Management Team Reports .....	11
Infrastructure Team Update .....	11
Service Desk.....	12
Customer Satisfaction.....	12
Compliance and Security .....	14
Document Centres .....	15
Business Systems.....	16
Programmes and Resources.....	17
Business Plan Convergence Update.....	18
Key Project Update.....	20
Summary.....	21

## Strata Management Team

Name	Role	Email Address
Laurence Whitlock	IT Director	laurence.whitlock@strata.solutions
Steve Gammon	Programme & Resources Manager	steve.gammon@strata.solutions
Adrian Smith	Infrastructure & Support Manager	adrian.smith@strata.solutions
David Sercombe	Business Systems Manager	david.sercombe@strata.solutions
Martin Millmow	Document Centre Manager	martin.millmow@strata.solutions
Robin Barlow	Compliance & Security Manager	robin.barlow@strata.solutions

## Purpose of the Strata Report

The Strata quarterly report for the JSC (Joint Scrutiny Committee) and JEC (Joint Executive Committee) is compiled to provide an update on the functioning of the Strata organisation. The aim is to provide background on the core areas of discipline within Strata, identifying key activities, successes and areas for improvement.

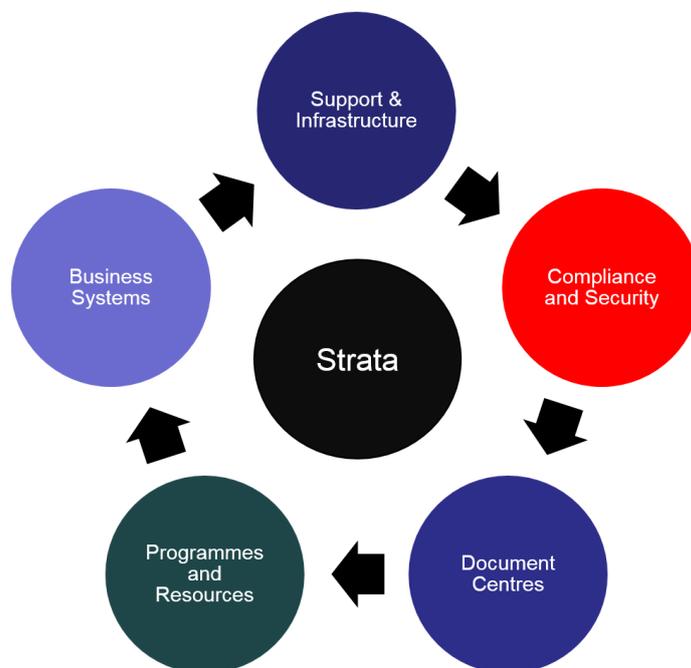
In this report we have tried to give a more visual analysis of the work of Strata, enabling progress against Business Plan objectives to be easily viewed.

Key objectives of Strata are:

- Cost Reduction
- Risk Reduction
- Increasing Capability for Change

The five core discipline areas within Strata are defined as:

- Support and Infrastructure
- Compliance and Security
- Business Systems
- Document Centres
- Programme and Resources



## IT Director Report

Following the last round of JSC and JEC committee meetings, I have continued to work with the teams within Strata to further develop the 'Adopt, Adapt, Transform' mantra and to move Strata forward to ensure that it continues to deliver against the core business objectives of :

- Cost
- Risk
- Change

I am pleased to report, that Strata continues to make good progress in all areas and we are confident that we will meet with the stated objectives as we move forward into 2018 and beyond. We continue to face the challenges posed by transformation, but the Strata business is now organised, well-structured and employing highly skilled, motivated and capable staff.

Our aim over the coming months is to more fully engage with the three authorities to better understand business challenges and requirements moving forward, this may mean a review of the existing governance structure within each authority as to how IT project and requirement are managed client side.

We are making excellent progress in the area of Global Communications. We have recently moved the Strata Service Desk onto the Anywhere365 contact centre solution and this is already proving very effective. We have completed training for circa 80 members of EDDC staff who are moving to the new Exmouth location, and expect to have these users fully up and running on the new Global Comms environment (based on Skype for Business and Anywhere 365 technology).

Strata have put into place the Global Desktop Improvement Programme (GDIP), the aim of the programme is to improve the overall end user experience of the Global Desktop environment. Regular updates are being issued to all users on progress being made to address each of the key 'issue' themes identified as part of an end user survey.

Whilst Strata has made good progress in protecting the three authorities against cyber threats, we are asking all staff both within Strata and within the three authorities to remain extra vigilant. Daily probing attacks are being identified, and the Strata Compliance and Security team remain pro-active in defending the three authorities, although this is having an impact on resource at the present time.

On the staff recruitment front, we have recruited two new team members (to replace team members who have left) into the Business Systems discipline. These new recruits have rapidly got up to speed and are delivering a high quality of service. We are now pleased to report that we are in a position to attract high quality staff and we are receiving regular approaches from both individuals and from agencies who are interested in working for Strata. Hence, through the work we have undertaken to raise the profile of Strata both internally and externally recruitment is currently not a major challenge to us. The EDDC HR team have been highly supportive during the last 12 months and this is reaping benefits in terms of staff satisfaction and the ease of the recruitment process. We are soon to undertake a staff satisfaction survey to ensure that what we perceive to be progress is actually reflected in the feedback we receive.

We have recruited three new apprentices to commence work with Strata on 5<sup>th</sup> Sept 2017. These apprentices will be on a structured two-year apprenticeship programme. During the last period, we have worked closely with Exeter College to deliver a programme of work experience, and this has been well received both by the students and college staff. During a week in June, we had seven 'IT' students working alongside Strata teams, three on the

service desk and four working on a project to redevelop the Strata web site. The quality of the work produced was of a high standard, and we hope to repeat the exercise in 2018. Our aim is to continue to work closely with the college to identify potential 'stars' of the future who could be brought onto the Strata apprenticeship scheme.

Key Strata focus areas over the last three months have been:



### **GDIP Programme**

Steps are being taken as part of the Global Desktop Improvement Programme (GDIP) to improve the performance of the Global Desktop environment. Key themes were identified after consultation with end users and action plans drawn up to address the issues being experienced. It has proved challenging to resolve some of the issues that have been reported and we are working closely with our technology partners to work towards a full resolution.

Strata are now communicating out to all end users (via the Strata service desk) on a bi-weekly basis the progress being made against the key issue themes. It is expected that the GDIP programme will be in place for a number of months, whilst resolutions are identified and implemented.

### **Global Communications Project**

We are pleased to report that progress on the deployment of the Global Communications platform has been progressing well during the last quarter. We have built both the Skype for Business (telephony platform) and Anywhere 365 (contact centre) platforms and have undertaken a programme of training within East Devon District Council to train users moving to the new Exmouth site on the technology, this is part of the HR driven Worksmart programme.

As part of the Global Communications programme we have had to migrate the existing EDDC telephone numbers onto SIP (session initiated protocol). Through detailed planning and working closely with our partner

VMB (Virgin Media Business), the port went ahead without incident. The SIP service has remained stable and is proving both reliable and cost effective in delivering calls into EDDC. Strata will now start drawing up plans for a similar port of numbers for both TDC and ECC. These ports will be part of the initial stage of migrating TDC and ECC users over to the new telephony environment.

## **Managing Workload**

Through pro-active monitoring and management of workload, Strata are seeing good progress being made in reducing the workload in a number of areas. Staff, even though still working incredibly hard, are reporting a better environment to work in, and they are seeing effective management of Service Incidents, Service Requests, Problems, Projects and Business Change Requests.

August has been a challenging month because of holiday and sickness and committed moves, however, all Strata staff have gone above and beyond to ensure that our ability to deliver service is not seriously affected.

The Strata service desk operation has been the most affected during the August period with a reduction in staff. In particular, the team in TDC has been struggling with resource levels but this is primarily down to service desk staff being used to support the moves underway at Forde House. Reports being received, are that the moves have gone well, but Strata's ability to respond to business as usual calls has been decreased during this period.

The deployment of the Anywhere 365 solution to manage workload across the service desk is giving far better visibility of call patterns and thus enables us to effectively manage how calls are routed during the working day, ultimately, this will deliver a better end user experience when contacting the Strata service desk.

Effective management of Business Change Requests have enabled us to see a further decline in the number of BCR's in the system, and we have also closed down some long standing BCR's either through using third parties to deliver the change or working with the end user to see whether the change was actually required or not.

Recruitment of new staff has proved effective and this is enabling members of the Strata management to free up time to enable them to better manage their teams, and to be less operational.

The reported project 'Hump', as predicted, has started to decrease. This drop in project utilisation (which has been over 70% for the majority of the last 15 months) will lead to more time being available to work on BCR's. Ideally Strata project utilisation will be at approx. 50% of available resource time. It is predicted that by November 2017, the project utilisation will be in the region of 55% of the available resource time.

## **Cyber Security**

The number of cyber threats being identified by Strata remains high. Effective protection of the three authorities IT environments is in place, and the Strata Compliance and Security team continue to manage on a daily basis phishing attacks. This has increased the workload in this team, as we are having to block and investigate emails using our filters prior to releasing them to end users.

We have identified trends in attacks and have a set of excellent tools in place to add layers of protection. We also communicate out to end users on a monthly basis the need to remain extra vigilant and also how to spot potential phishing emails. We are now finding that users will contact the Strata service desk should they receive any suspicious emails, this enables us to better protect the authorities and proves the 'extra vigilance' message is getting out to the end user community.

Other areas we have progressed in the last three months:

- Town Meetings – monthly town meetings with all Strata staff, attendance level is high and feedback good
- Strata Social – two events have been organised (Sports Night / Golf Challenge) to bring Strata staff together in an informal environment, high level of attendance
- Newsletter – second edition of the Strata Insight publication has been issued and well received by all staff.
- Work Experience – working closely with Exeter College to deliver effective work experience for students.
- Effective recruitment – through the HR implemented Employee Referral Scheme we are attracting high quality staff to Strata. We are also getting pro-active approaches from people wishing to come to work for Strata.
- Web site – we have launched a new Strata web site to provide a much 'cleaner' view of the Strata organisation to the outside world.
- Printer replacement project – we are currently replacing all the Multi-Function Devices across the three authorities. Ricoh won the tender and a programme of work is underway to deploy the new printers. ECC has been the first site to receive the new devices and implementation has gone smoothly and the new devices are being well received and feedback is positive.

## IT Director SWOT (Strengths, Weaknesses, Opportunities and Threats Analysis)

As part of my initial 100 days, I produced a high level 30 day SWOT analysis of my findings, this was previously presented to the JSC and the JEC. Checking back against my initial findings has identified that progress is being made to address the areas identified as part of the original SWOT analysis.

Highlighted in GREEN in the table below, are some of the areas where I believe solid progress has been made during the last three months.

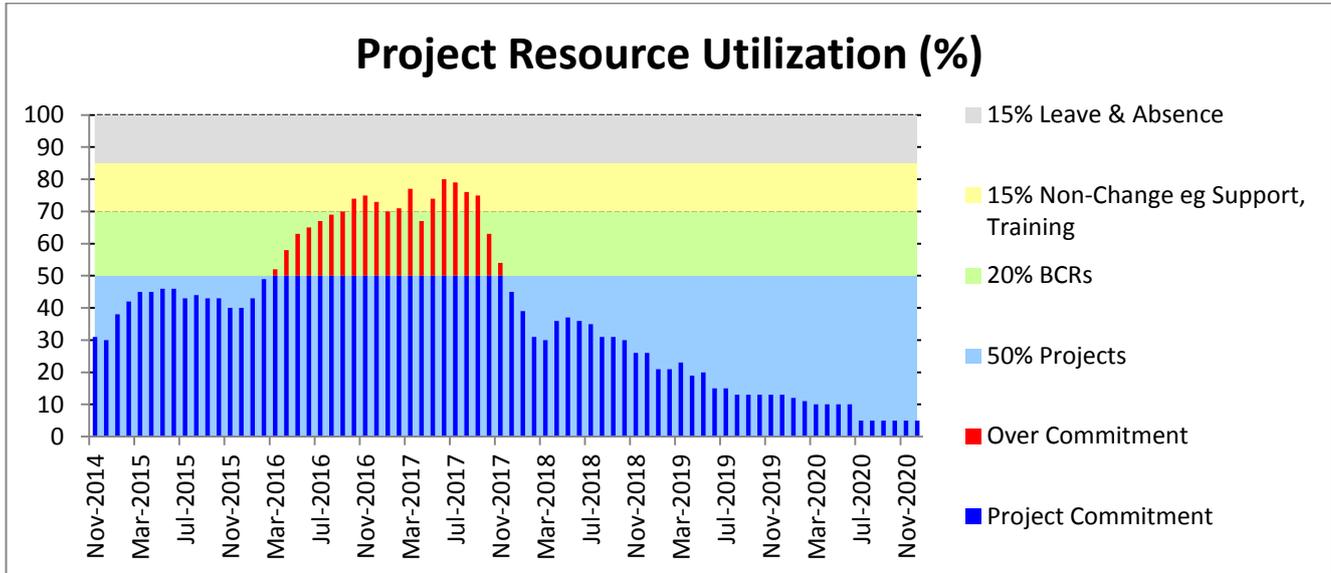
<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The staff are dedicated, hardworking and highly skilled</li> <li>• <b>Management team work well together</b></li> <li>• Underlying technology decisions sound</li> <li>• High level of Customer Satisfaction</li> <li>• Buy in from Strata board to the success of the business</li> <li>• Desire of the Strata team to succeed</li> <li>• <b>Self Service Portal working well</b></li> <li>• Compliance and Security – challenging</li> <li>• <b>Savings being delivered back to the authorities</b></li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Project Management within Business Systems team</li> <li>• Managing 3<sup>rd</sup> Parties contracts and performance</li> <li>• <b>High level of BCR's and Problems</b></li> <li>• <b>Problem queues not being managed</b></li> <li>• Slow resolution of ongoing GD issues</li> <li>• <b>Staff split across multiple sites, not really creating a single company,</b></li> <li>• Lack of understanding of new technology trends</li> <li>• <b>Managing the HUMP</b></li> <li>• <b>Staff onboarding – new induction checklist</b></li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Improve levels of communication to become more trusted advisors by reviewing the governance by which Strata is informed about future requirements (IRB's)</li> <li>• <b>Re-prioritise workloads to reduce BCR's and Problems</b></li> <li>• <b>Single phone system enables single number delivery for Service Desk</b></li> <li>• Management team to manage and to become less operational</li> <li>• <b>Atmosphere improving, but more Strata joint activities needed</b></li> <li>• More knowledge sharing – i.e. councilor training</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• <b>Cyber Threats – defending against the unknown</b></li> <li>• <b>Workload on BA team</b></li> <li>• Failure of key suppliers to deliver</li> <li>• Strata being seen as an external supplier</li> <li>• Staff feeling that we are not moving forward</li> <li>• Delays in the delivery of projects</li> <li>• Paying more for services than we need too</li> <li>• <b>Staff retention</b></li> </ul>

There is still work to be done, but I firmly believe that as a business, Strata is now not only working effectively to deliver against the requirements of the three authorities, but also providing an interesting, challenging and good environment in which Strata staff can work and develop their careers.

## Workload Analysis

In order to better understand the workloads across the Strata Business Systems team, we now monitor project commitment and map it against available time for core activities, i.e. holiday / absence, training, support, BCR's and project work.

This graph (shown below) has enabled us to clearly identify (we call it the HUMP) why there has been certain aspects of the Strata function which have struggled with the management of workload and hence, work related stress.



The good news is that through effective management of this project utilisation, we are now seeing ourselves coming down the 'Hump' and moving to a far better level of project resource utilisation. This will have an impact on work related stress and Strata's ability to better manage Business as Usual requests, such as Business Change Requests (BCR's).

As we predicted in June, as we move forward in September 2017, project activities are now returning to more realistic levels. This has also enabled us to allocate dedicated staff to the Global Communications Project to focus on the delivery of this key project, this is proving very beneficial.

On 5<sup>th</sup> June 2017, I took a snapshot of the key metrics we are measuring ourselves against on Strata wall boards. The graphics below show how these metrics have changed over the last three months, again all have shown a downward trend:

Date	Incidents	Service Requests	Security	Problems	Maintenance	Business Change Requests
5th June 2017	8	239	21	333	94	324
Direction	↓	↓	↓	↓	↓	↓
24th Aug 2017	7	179	13	293	81	299
Drop	1	60	8	40	13	25

## Strata Management Team Reports

### Infrastructure Team Update

The 'Global Desktop Improvement Programme' (GDIP) has made some improvements to the speed of the desktop, however, there are still issues to resolve including Outlook failing. We have brought in external specialists behind the Global Desktop to review the performance issues and in particular to check that we have enough computer power to do this. They are confident that this can be achieved and have provided a plan of actions. We are continuing to provide a fortnightly update as we appreciate that this is a significant issue for the Councils.

Below is a table which shows the current status of the GDIP programme:

Strata Global Desktop Improvement Plan Update – 23 <sup>rd</sup> August 2017			
Reported Issue	Business Impact	Expected Resolution Date	Status
Outlook Crashing	Medium	Improved, but further investigation needed	We are still aware of a number of Global Desktop users who are experiencing this issue, which may be worsened by some Outlook add-on features. As identified last period this is a symptom that many organisations encounter and we have now drawn a blank with the Microsoft assistance. Our approach will continue to add technical monitoring to provide us with additional diagnostic information, and which we believe will identify more than one cause including the 'auto complete' feature that can become corrupted and causes these symptoms on sending.
Printers Not Being Available For Selection Printer Settings Wrong	High	Part of the roll out programme for new printing devices	The new printer allocation approach is now working for the main Exeter office and even though it needs a further update to reduce the logon times for some, it looks to be a good foundation. As previously stated, after the Exeter deployment is complete we will then assess our options for improving EDDC and TDC printing.
Blank Screen Freezing	High	End of September 2017	Strata are continuing the work towards the six point plan to improve the performance of the Global Desktop, that at particular times can cause the blank screen and freezing. Over the last period an external specialist has carried out an initial analysis of the common Windows 7 machine that provides the template for all Global Desktops. This work will continue with the likelihood that we will create a new template. Once completed and in conjunction with the 'UEM' work covered below, we will be able to better understand whether there is a need for additional upgrades.
Slow Login	High	End of September 2017	The work on a key Global Desktop element 'UEM' is continuing, with a further day scheduled with the external experts next week to understand the most effect way to introduce this change. As previously described this has been seen to provide a noticeably reduced login time for some users when initially tested. Further testing has unfortunately identified additional deployment tasks which are now being undertaken. Other improvements to login time will come in future as we continue the GDIP programme over the next few months.
IE Freezing	Low	Monitoring until end of September	This issue with Internet Explorer is still being investigated by the Strata Infrastructure team however we believe other changes have reduced this, so we are continuing to monitor this. If this is still an issue for you, please contact the Strata Service Desk so we can check this out. If no further issues are reported then we will close this item at the end of September.
Mouse Cursor Corruption	Low	Monitoring until end of September	We believe that this can be resolved for a number of users by updating the graphics software on the physical computer used to access the global desktop. If this is still an issue for you, please contact the Strata Service Desk so we can check this out. If no further issues are reported then we will close this item at the end of September.
MS Office Apps Slow / Unresponsive	High	Mid-September 2017	A number of settings have been changed after advice from Microsoft to improve the responsiveness of Excel, which has been installed for a group of users who were seeing this frequently, especially scrolling large spreadsheets. Work to release this to all users is still to be undertaken but should be complete by mid-September.
Specific Application Slowness	High	Please see comments	Some applications rely on databases that reside in the Councils. To speed these up we have a programme of moving these databases into our data centre in Exeter. We have successfully moved the Uniform, Revs and Bens and corporate databases in Teignbridge which has had a positive effect on these applications. We are in the process of planning the East Devon moves. Open Housing and Academy have been moved already, Uniform is scheduled for the end of September, E-financials is scheduled for the beginning of September. The corporate SQL database has been put back to mid September now.  We are aware that during the last two weeks EDDC Open Housing users have been seeing slow responses at times. This was initially believed to be due to some required maintenance that unbalanced the computing power across the Global Desktops however this slowness was seen again this week when no maintenance was being undertaken and will now have a specific investigation to identify the cause.

The Global Telecoms project has also progressed well during the quarter, porting completed successfully and training undertaken for all staff moving to Exmouth. Demo capability has been built in EDDC of the Anywhere 365 product. Focus now firmly on the successful migration to the Exmouth facility.

Work continues for East Devon's relocation into Exmouth. The re-fit by the building contractors is relatively advanced with Strata providing direction and advice for the IT aspects, including the Audio Visual system for the new Council Chamber. Strata have remained involved in the new Honiton build, with work due to start there imminently.

The relocation of IT equipment to facilitate the building works in the TDC Forde House office has been provided, positive feedback has been received on the performance of Strata during this move phase.

The decommissioning of the old Teignbridge datacentre has continued, however, this is expected to be completed by the end of September 2017.

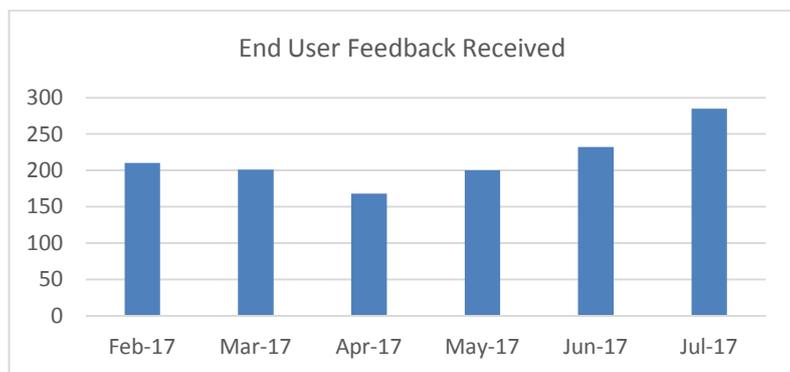
New air conditioning has been installed in the Oakwood DC to overcome issues previously experienced with the old AC unit. This work was successfully completed.

### Service Desk

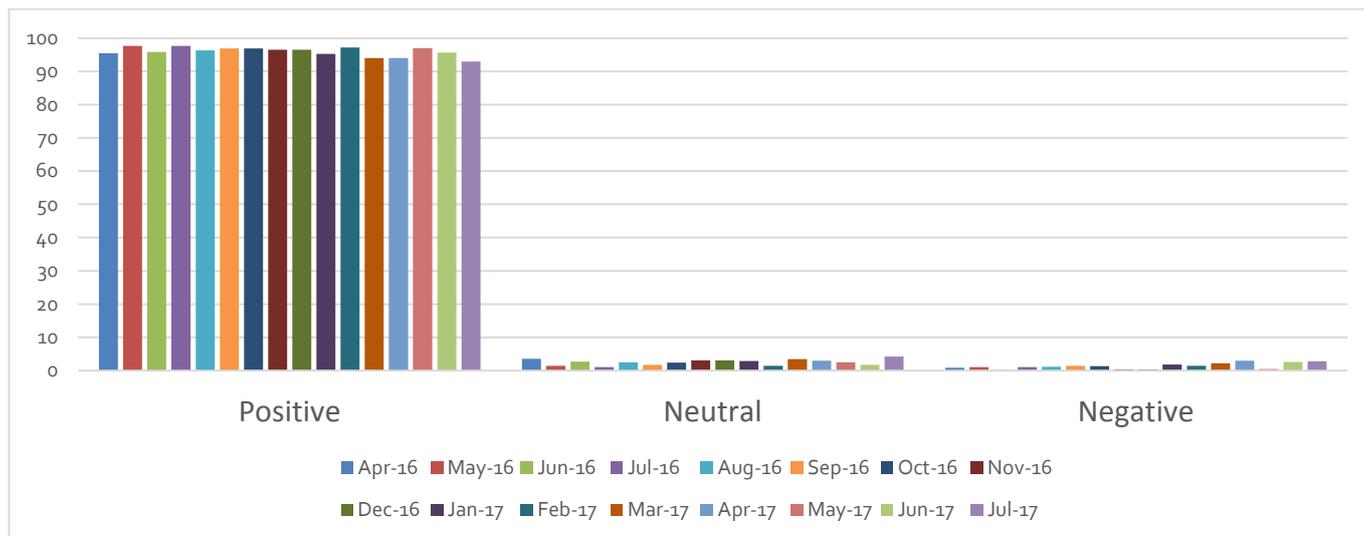
The number of incidents across all three authorities has again reduced this month, enabling the Strata Service Desk to focus on Service Requests and other core activities. In August, we implemented the new Anywhere 365 contact centre solution into the service desk and this is now providing very valued statistics to show call trends into the three service desks, enabling us to better plan the allocation of important service desk resource.

### Customer Satisfaction

The service desk is performing well in supporting the BAU (Business as Usual) activities of the three authorities. In July 2017, out of the 285 feedback responses we had, 265 were positive, 12 were neutral and 8 were negative. This represents a 93% positive feedback performance. Interestingly the amount of feedback we are receiving is increasing as a result of Strata advising that feedback (whether good or bad) is important if we are to improve the level of service we deliver to end users.



The graph below shows the customer satisfaction % received since April 2016:



Any neutral or negative feedback received is followed up and investigated by the Service Desk team leader and the IT Director. This process is proving effective in Strata understanding areas where improvement needs to be made.

## Compliance and Security

The availability figures for the three Councils and the Global Desktop continued to show a consistent improvement in line with that seen over the last four months. Issues with Lagan at EDDC continue to cause outages even with support from the supplier. We also had an issue with a database server depleting its storage, impacting any users out of hours for one evening. There was also a mistake that resulted in a previously unknown prompt incorrectly requesting Global Desktop users to reboot. This overloaded the systems, and for TDC in particular stopped some users logging in for up to two hours.

The annual PSN CoCo submissions for each council were not accepted by the Government PSN assessment team. These were however assessed but the assessors are now taking a zero tolerance approach to Windows 2003 servers, of which there are currently five servers between the three Councils. We have asked for more clarification as two of these servers are part of the EDDC legacy phone system and would be a significant risk to address.

The migration of the PSN network connections is behind target due to the supplier (Vodafone). This increases the costs to the Councils until these are removed.

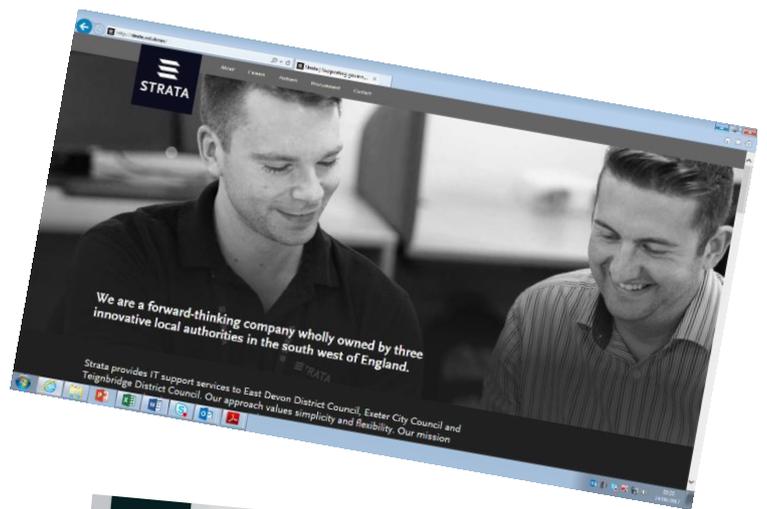
In terms of the security position, the threat level remains as **High**. This mainly ensures that there is additional focus on security, which may require additional measures in place to bolster the current position. This level reflects the volume of security threats being seen even though there has been a success in identifying the recent email campaign through some advice in a Government security forum.

## Document Centres

The first of the new Ricoh printers were installed in the Exeter City Copy Centre on the 21st of July along with new front-end production software. New MFDs (Multi-Functional Devices) have started to be deployed throughout the Civic Centre and all are due to be installed by the end of August. Along with training on the new MFD devices users are being introduced to 'Follow-me printing', this allows printing to be collected from any MFD using a council ID card. Benefits of 'Follow Me printing' technology is that prints can be retrieved from any MFD and the system also provides increased data protection as printing is only output from the MFD when the user is present at the device and has presented their ID card. Printing is therefore not left behind at printers or the printing of various users does not get mixed together. Further printing devices will be installed at the various Exeter satellite offices during September.

A new Ricoh wide format plan plotter/scanner has also been installed at East Devon Knowle office, this replaces 4 older HP and Xerox devices and will be one of two devices that are eventually installed at the new Honiton offices.

The graphic design team are currently recruiting for a part time designer to join the team. This team are very effective at supporting EDDC and have produced work of a very high standard. The team have also been instrumental in the development of the new Strata web site and in supporting the work experience programme.



## Business Systems

The BCR queue continues to reduce as we complete BCRs and also reassess the need for others. We are revisiting the BCR owners within the councils to fully assess the older BCRs which do not currently have estimated size or cost information. This will enable us to provide a more accurate picture of the BCR workload.

The project work is continuing at a pace with several major projects due to go live in the next couple of months. The Uniform project in Exeter has now gone live, this is another major milestone in the strategic objectives of the 3 councils to harmonise software across the authorities. In Exeter, Planning, Building Control, Housing Grants and Land Charges are now all live with the new Uniform system, which is now used across all 3 partners.

Teignbridge have gone live with the Garden Waste renewals scheme. A significant amount of work has been put into resolving some of the outstanding issues from the previous year and improving the experience for our customers. Over the next couple of months we expect to see approximately 20,000 residents use the new online web forms to renew their subscription.

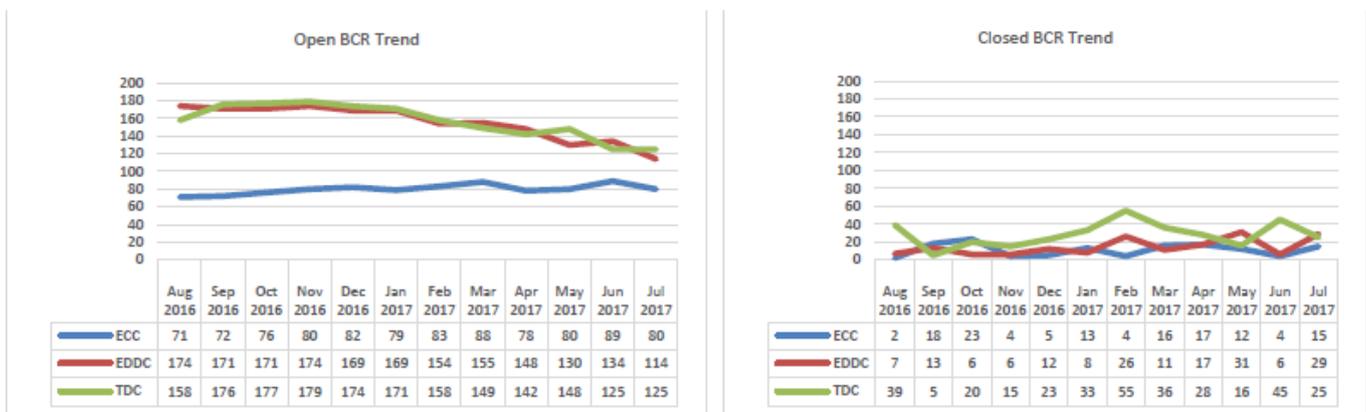
East Devon recently rolled out the new Waste system across their refuse service. This involved Waste Management, Customer Services, the external contractor Suez, and Strata. The project has been successful with all refuse vehicles and back office staff using the new software which integrates into existing web forms.

Other major projects progressing well include:

- iTrent payroll and core HR in Teignbridge – expected go live date October 2017
- iTrent project kick off in Exeter
- Firmstep in Exeter – Project has been updated and agreed with project board – go live is expected in Q4 of 2017
- Digital Platform in Teignbridge – procurement well underway
- Updates to Website and Intranet in East Devon – work underway on an updated design.

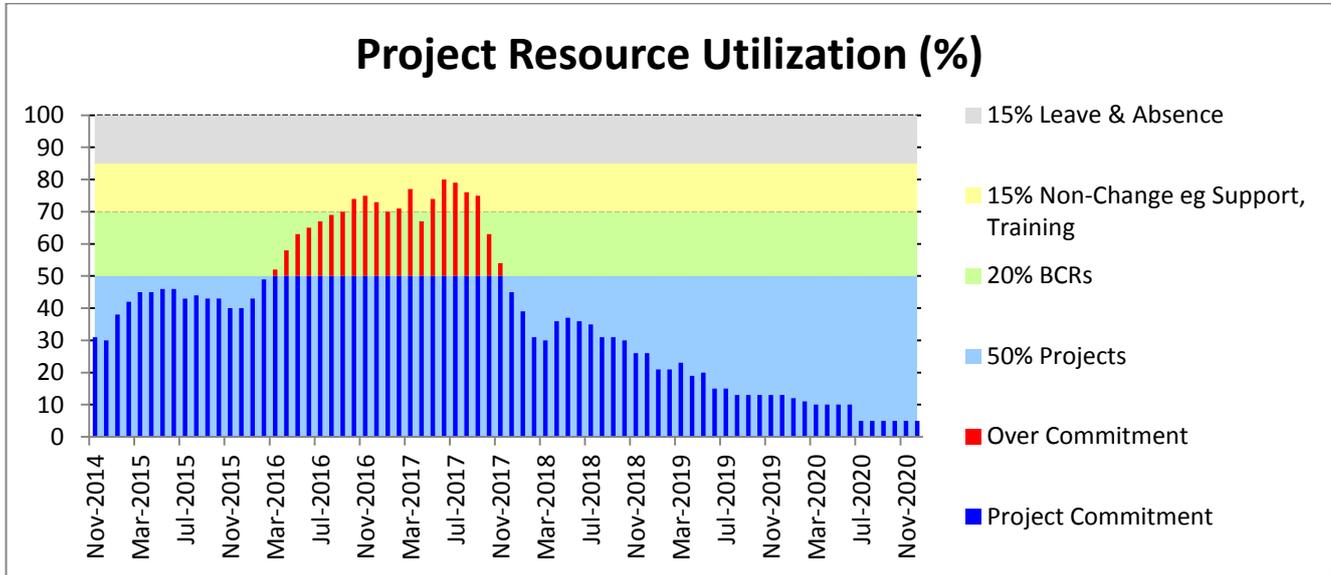
The Business Systems team continue to work on PSN related upgrades and server patching to ensure our systems are up to date and secure. This is an essential element of the team’s work and will ensure that CoCo is achieved again for all 3 councils.

As can be seen in the graphs below, the trend for open BCR’s is showing a downward trend across all three authorities



## Programmes and Resources

Strata run a combination of systems convergence projects and projects requested by council service managers. Convergence projects are agreed by the partner councils in the annual Strata business plan. The current number of scheduled projects in the 2017/18 financial year are 16 convergence projects and more than 60 service projects. The resource utilization chart shows these known projects. Experience shows there will be other as yet unknown projects requested by service managers through the remainder of 2017/18 that will add to this picture.



50% is our guideline resource allocation for project work, leaving the remaining 50% for all other tasks such as support, BCRs and all other activities. The current high demand for projects, seen to run until October is impacting our capacity for delivery of BCRs. We are currently reviewing these project commitments exploring alternative delivery options that may release resource for BCR and other work.

The Programmes and Resource Manager also manages the interface into each authority via IRB, SMT and CLT. Regular meetings are held in order that Strata can update these key boards and the boards can update Strata on key objectives moving forward.

There is also a programme of meetings with departmental heads on a monthly basis to ensure Strata are aligning themselves and understanding the needs of each authority. Issues are identified as part of these meetings and action plans drawn up to address the reported problems. It is expected that as we move forward this will become key function within Strata to ensure that we have a multi-tier engagement model in place.

One area that Strata are going to be further looking at is overall governance, and we will be working with the authorities to agree a potential new governance model for 2018 and beyond. This may involve the setting up of an IRB within each authority and then one overseeing IRB. This will enable all parties to better manage in a more joined up way, work and project priorities.

## Business Plan Convergence Update

2017/2018 convergence	2017/18 Business Plan	Current	Status	Business Plan Impact	Comments
BACs convergence	Jan 16 to Apr 17	Jan 16 to Jun 17	Finishing Later	Neutral	Change still occurs in 17/18 financial year
Car Park Systems	Sep 15 to Mar 17	Sep 15 to Dec 17	Finishing Later	Positive	Business Plan assumes increased costs of £500 from convergence, so the delay delays these increases
Cemeteries	Jul 17 to Dec 17	Jul 17 to Dec 17	Planned, not yet started	Neutral	
CMS and Website (TDC)	Feb 16 to Apr 17	Feb 16 to Oct 17	Finishing Later	Neutral	Goss maintenance has been terminated so no financial impact
Door Access	Apr 16 to Jun 17	Apr 16 to Jun 17	Running to Plan	Neutral	
Financial Management System	Oct 17 to Mar 19	Oct 17 to Mar 19	Planned, Not yet started	Neutral	
GIS ESRI Convergence	Oct 16 to May 17	Oct 16 to Jul 17	Finishing Later	Neutral	Change still occurs in 2017/18 financial year.
Grounds / Streets / Public Realm	Jun 17 to Dec 18	Jun 17 to Dec 18	Running to Plan	Neutral	Scope of requirements phase now being entered.
HR and Payroll (ECC)	Apr 17 to Mar 18	Jul 17 to Mar 18	Starting Later	Neutral	Change still occurs in 2017/18 financial year.
HR and Payroll (TDC)	Jan 16 to Mar 17	Jan 16 to Jan 18	Finishing Later	Negative	
Idox TLC Land Charges	Feb 17 to Jan 18	Feb 17 to Jan 18	Running to Plan	Neutral	
Idox Uniform Env Health (ECC)	Apr 17 to Mar 18	Jul 17 to Jun 18	Finishing Later	Neutral	Intending to terminate incumbent Northgate M3 contract before renewal is due in August 2018.
Idox Uniform Planning (ECC)	Apr 16 to Mar 17	Apr 16 to Jul 17	Finishing Later	Neutral	Idox costs transition from Acolaid to UNiform pre-agreed in Idox negotiation.
Legal Case Management	Jan 17 to Dec 17	Mar 17 to Oct 17	Starting Later	Neutral	Change still occurs in 2017/18 financial year.
LLPG GGP Convergence	Jul 16 to Mar 17	Jul 16 to May 17	Finishing Later	Neutral	No impact provided incumbent Aligned Assets system can be retired before 1 <sup>st</sup> August 2017.
Time and Attendance	Apr 16 to Jan 18	Apr 16 to Jan 18	Running to Plan	Neutral	

## Business Plan Appendix 5 - Action Plan Update

Action	Completion Date	Status	Comments
Converged email connection for all councils	Feb 2017	Completed	Completed
Migrate PSN connectivity to VMB	March 2017	Not Started	This will not happen for at least a year due to the Vodafone contract fiasco. Needs a review of the position in early summer 18 to review the options then
Complete Global Desktop Roll out to all councils	April 2017	Completed	Project nearing completion – June 2017
Converged web filtering system	April 2017	Ongoing	Only delayed by the few users at TDC & EDDC users not using the GD. Technically we moved off the Smoothwall (TDC) and Messagelabs filtering in 2016 onto 3 instances of Clearswift.
Government Secure Email accreditation	April 2017	Ongoing	Implemented protocols in Jan 17. Whole government initiative now delayed until 'summer 17'.
Information Security Policy	April 2017	Ongoing	Implemented in Strata. Acceptable Use policy provided to councils by Karen Jenkins. Overarching policy now deployed Strata will be provided to SIROs to take forward through their council processes
Review contract conditions for Document centre staff who work cross-council rather than solely at individual Councils	As the situation arises	Ongoing	
Decommission the Teignbridge server infrastructure	June 2017	Ongoing	Ongoing, 55 Servers remain due for completion early Sept 2017
Decommission the East Devon server infrastructure	June 2017	Ongoing	Ongoing, Some larger systems across, due for completion September 2017
PSN CoCo accreditation	June 2017	Ongoing	Five servers to migrate from 2003, currently accreditation has not been given.  Plans for final system migration are being drawn up, but it may not be possible to migrate totally away from 2003 due to the applications running on the servers.
Carry out recommendations of governance audit including review of IRB organisation	June 2017	Ongoing	Initial plan for new governance structure drawn up, detail to be discussed with Strata board.
IT Recovery test for key systems	August 2017	Ongoing	Given the issues with the VMware recovery system (SRM) and Oakwood storage, other than the more limited Veeam Surebackup this will be dependent on a wider review of BCP
Select and implement new Skype contact centre system	Dec 2017	Ongoing	Anywhere 365 selected, implementation plan being compiled
Develop an out-of-hours support proposal in consultation with Councils and create a costed business case for Councils to fund. If business case approved carry out contractual consultations with affected Strata staff and implement service.	Dec 2017	Ongoing	Service created, to be trialed in Nov 2017.  Staff now being briefed and commitment sought.
Implement "Global Comms", the telephony replacement at all three sites	March 2018	Ongoing	Work well underway, on target.
Develop options for "pay-for-use" accounting and budgeting and implement chosen method ready for FY 18/19 Looking at the options – 18 / 36 months	March 2018	Ongoing	Workshop arranged for 8 <sup>th</sup> Sept 2017

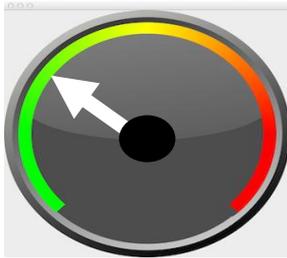
## Key Project Update

The table below shows the key projects that Strata currently have underway across the three authorities:

Project	Authority	Status
HR & Payroll (iTrent)	TDC	Phase 1 deployed, all appears on track, payroll run in Sept 2017 to test, aiming for go live in October.
Firmstep Digital Transformation	TDC and ECC	Risk register updated, project to proceed as per original timeline. Strata team engaging with end user client.
Waste & Recycling	EDDC	Project completed – solution deployed and now fully operational.
Garden Waste Renewal	TDC	Project successfully completed – positive feedback received.
Global Desktop	All	All users migrated, GDIP programme put into place.
Global Communications	All	Environment built, plans drawn up, user migration in EDDC planned to commence in Sept 2017 for staff moving to Exmouth.  Anywhere 365 demo environment built and Strata service desk moved to Anywhere 365.
MFD (Multi Function Devices)	All	ECC Roll out underway, positive feedback. TDC to be deployed in Dec 2017. EDDC in line with Exmouth and Honiton moves.

## Summary

Reviewing the three core objectives of Strata, the indicators show that progress is being made in all areas.



**COST**



**RISK**



**CHANGE**

Further analysis is being undertaken to ensure that the investments made are delivering value for money, and gaps in capability are understood and actions plans are drawn up to mitigate risk.

Strata is also undertaking a detailed review of costs by discipline and team management will be asked to become more involved in the day to day financial management of each discipline to understand spend portfolio and will also be asked to identify areas of potential cost saving, risk reduction and change.

---

This page is intentionally left blank

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

**DATE OF MEETING:** 6 SEPTEMBER 2017  
26 SEPTEMBER 2017

**PUBLICATION DATE:** 18 AUGUST 2017

**REPORT OF:** STRATA BOARD

**SUBJECT:** STRATA BUDGET MONITORING Q1 - 2017/18

### **1. PURPOSE**

- 1.1 This report advises on the financial progress of Strata during the first three months of 2017-18, including a project outturn assessment against the savings set out in the Business Plan.

### **2. BACKGROUND**

- 2.1 The Company has been given a total of £6.104 million to run the IT Services in 2017/18 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 2017**

#### **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.

		<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)		<b>252,836</b>
2018-19	Year 4	(459,609)	(381,961)		<b>381,961</b>
2019-20	Year 5	(129,300)	(593,653)		<b>593,653</b>
2020-21	Year 6	867,962	(698,293)		<b>698,293</b>
2021-22	Year 7	(138,000)	(773,626)		<b>773,626</b>
2022-23	Year 8	(9,884)	(767,313)		<b>767,313</b>
2023-24	Year 9	(196,902)	(789,680)		<b>789,680</b>
2024-25	Year 10	(374,300)	(824,040)		<b>824,040</b>
<b>Total</b>		<b>(1,554,709)</b>	<b>(5,363,500)</b>	<b>(332,000)</b>	<b>(6,918,209)</b>

\* Although savings of £310,000 were delivered, Strata has asked for £210,000 to be used for specific service improvements.

### 3.2 Key Variations from Revenue Budget

The Strata budget is on track to deliver around £255,000 of revenue savings for the Councils in 2017-18 (Appendix A). As the additional £210,000 has not yet been approved by the three Councils, it has been excluded from this report. The key variations are set out on the next page:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	20,000	<ul style="list-style-type: none"> <li>Additional expenditure on overtime is projected.</li> </ul>
Supplies & Services	100,000	<ul style="list-style-type: none"> <li>Additional expenditure on software.</li> </ul>
Income - Revenue	(120,000)	<ul style="list-style-type: none"> <li>Additional income for staff at EDDC and mobile telephony.</li> </ul>
Transport	(4,000)	<ul style="list-style-type: none"> <li>Based on current trends transport costs will be slightly lower than budget.</li> </ul>
Investment interest / Tax	1,280 net	<ul style="list-style-type: none"> <li>Cash in the company is reducing along with expectations for interest rates moving forward.</li> </ul>

At the three month stage the Board is projecting a saving of £255,520 against the original target of £252,836.

### **3.3 Key Variations from Capital Budget**

The capital project to deliver the data centre and other implementation projects is progressing. Some additional expenditure on the data centre has been incurred, funded from the annual capital payment.

### **3.4 Council Recharge Account**

The Councils also request additional equipment for which they are subsequently invoiced. At present there are outstanding payments of £52,404 to be invoiced.

### **3.5 Final Audited Statement of Accounts 2016/17**

Attached at Appendix B are the final, audited Statement of Accounts for Strata Service Solutions. The profit & Loss Account has not changed from the draft accounts set out in April.

The Board is therefore satisfied that the refund provided to the three owners during May 2017 was appropriate, subject to final approval at Teignbridge of the Company being allowed to keep the additional £210,000.

## **RECOMMENDATIONS**

**That the Joint Scrutiny Committee and Joint Executive Committee notes the contents of the report.**

<b>Dave Hodgson</b> <b>Director (Finance Lead)</b>	<b>Contact details</b> <b>Tel: 01392 265292</b> <b>E-mail: david.hodgson@exeter.gov.uk</b>
---	--

This page is intentionally left blank

**BUDGET MONITORING**  
**30 JUNE 2017**

**STRATA SERVICE SOLUTIONS - REVENUE BUDGET**

	<b>REVENUE BUDGET</b>	<b>OUTTURN</b>	<b>VARIANCE</b>
	£	£	£
EMPLOYEES	2,600,000	2,620,000	20,000
PREMISES	0	0	0
SUPPLIES & SERVICES	3,200,000	3,300,000	100,000
TRANSPORT	39,000	35,000	(4,000)
SUPPORT SERVICES	15,000	15,000	0
TAX ON INTEREST	800	480	(320)
INCOME - REVENUE	(6,103,600)	(6,223,600)	(120,000)
INVESTMENT INTEREST	(4,000)	(2,400)	1,600
<b>Net Income</b>	<b>(252,800)</b>	<b>(255,520)</b>	<b>(2,720)</b>

**CAPITAL PROJECTS**

	<b>CAPITAL BUDGET</b>	<b>OUTTURN</b>	<b>BUDGET REMAINING</b>
	£	£	£
DATA CENTRE / DR - INFRASTRUCTURE including: WAN AD & EXCHANGE	553,023	899,364	346,341
DATA CENTRE - HARDWARE	113,200	47,932	(65,268)
DATA CENTRE - SOFTWARE	860,000	905,774	45,774
SERVICE DESK	2,000	0	(2,000)
Telecoms	182,623	64,132	(118,491)
SECURITY	87,150	56,850	(30,300)
Capital Funds	(1,797,996)	(1,797,996)	0
	<b>0</b>	<b>176,056</b>	<b>176,056</b>
Voice Activated Directory	44,800	42,812	(1,988)
IDOX	170,687	134,434	(36,253)
Public-I TDC AV Equipment	124,750	104,424	(20,326)
BARTEC - TDC	77,175	77,175	0
Guildhall Wi-fi	17,000	15,005	(1,995)
E-Fin upgrade	100,000	79,942	(20,058)
E-Fin upgrade	22,000	11,303	(10,697)
Firmstep	205,000	74,175	(130,825)
iTrent	186,000	24,476	(161,524)
EDDC Housing Management System	158,960	39,738	(119,222)
Housing Management System	125,000	94,282	(30,718)
Revs & Bens - EDDC	10,913	6,023	(4,890)
ECC - Trade Waste System	69,850	28,295	(41,555)
EDDC - Member Chamber	43,448	43,448	0
TDC - vdi Servers (Adelante???)	17,000	16,874	(126)
ECC - Smart Devices	130,000	91,299	(38,701)
LLPG	24,500	14,721	(9,779)
Revs & Bens - TDC	75,010	45,000	(30,010)
Capital Funds	(1,752,093)	(1,516,360)	235,733
<b>Net Expenditure</b>	<b>(150,000)</b>	<b>(220,822)</b>	<b>(70,822)</b>

**COUNCIL RECHARGE**

	<b>ACTUAL TO DATE</b>
	£
EMPLOYEES	0
SUPPLIES & SERVICES	52,404
TRANSPORT	0
INCOME	0
<b>TO BE RECHARGED TO COUNCILS</b>	<b>52,404</b>

This page is intentionally left blank

**Strata Service Solutions Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 March 2017**  
Registration number: 09041662

# Strata Service Solutions Limited

## Contents

Company Information	1
Strategic Report	2
Directors' Report	3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 to 6
Profit and Loss Account	7
Statement of Comprehensive Income	8
Balance Sheet	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 to 22

# Strata Service Solutions Limited

## Company Information

<b>Directors</b>	Mr S P I Davey Mr R D Hodgson Ms K Jenkins Mr N A Aggett Mr P Nicholls Mr J P Hedge
<b>Registered office</b>	Civic Centre Paris Street Exeter Devon EX1 1JN
<b>Auditors</b>	PKF Francis Clark Statutory Auditor Vantage Point Woodwater Park Pynes Hill Exeter Devon EX2 5FD

# Strata Service Solutions Limited

## Strategic Report

Year Ended 31 March 2017

The directors present their strategic report for the year ended 31 March 2017.

### Principal activity

The principal activity of the company is the provision of information technology services to East Devon District Council, Teignbridge District Council and Exeter City Council.

### Fair review of the business

Turnover for the year amounted to £7,092,509 (2016: £6,565,165) with a loss before taxation for the year of £663,237 (2016: loss of £1,037,593). In spite of the loss, the Directors are satisfied that the guarantee provided by the three owner Council's in respect of the Pension Fund liabilities means that the Company can continue to trade and invest in the infrastructure required to grow the Company.

The Company's mutual trading status means that it only conducts business with the three owner Councils.

### Principal risks and uncertainties

The Company is owned by three Local Authorities, who have agreed to fund the Company until at least March 2018. However, budgets are fixed and must therefore be managed tightly, to deliver the objectives set for the Company.

As the owners are Local Authorities, they are subject to political change, which can affect the Company. If political change does take place in one of the owners, there is still a requirement to give 18 months notice after the end of the three year period prior to leaving the Company, which should allow for a full assessment of the Company moving forward.

Approved by the Board on 28.07.17 and signed on its behalf by:



.....  
Mr R D Hodgson  
Director

# Strata Service Solutions Limited

## Directors' Report

Year Ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

### Directors of the company

The directors who held office during the year were as follows:

Mr S P I Davey

Mr R D Hodgson

Mr M Parkinson (resigned 15 June 2017)

Ms K Jenkins

Mr N A Aggett

Mr P Nicholls (appointed 1 April 2016)

The following director was appointed after the year end:

Mr J P Hedge (appointed 10 May 2017)

### Disclosure of information to the auditors

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 28.07.17 and signed on its behalf by:



Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

We have audited the financial statements of Strata Service Solutions Limited for the year ended 31 March 2017, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors to the financial statements.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Strata Service Solutions Limited

### Independent Auditor's Report to the Members of Strata Service Solutions Limited

#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

#### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

*PKF Francis Clark*

Stephanie Henshaw (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Vantage Point  
Woodwater Park  
Pynes Hill  
Exeter  
Devon  
EX2 5FD

Date: 11/8/17

## Strata Service Solutions Limited

### Profit and Loss Account

Year Ended 31 March 2017

	Note	2017 £	2016 £
Turnover	3	7,092,509	6,565,165
Cost of sales		<u>(2,841,293)</u>	<u>(2,919,344)</u>
Gross profit		4,251,216	3,645,821
Administrative expenses		<u>(4,790,641)</u>	<u>(4,557,932)</u>
Operating loss	4	(539,425)	(912,111)
Other interest receivable and similar income		4,200	11,518
Interest payable and similar charges	7	<u>(128,032)</u>	<u>(137,000)</u>
Loss before tax		(663,257)	(1,037,593)
Taxation	8	<u>(840)</u>	<u>(2,304)</u>
Loss for the financial year		<u><u>(664,097)</u></u>	<u><u>(1,039,897)</u></u>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Page 7

## Strata Service Solutions Limited

### Statement of Comprehensive Income

Year Ended 31 March 2017

	Note	2017 £	2016 £
Loss for the year		(664,097)	(1,039,897)
Remeasurement (loss)/gain on defined benefit pension schemes	15	<u>(3,180,000)</u>	<u>1,103,000</u>
Total comprehensive income for the year		<u><u>(3,844,097)</u></u>	<u><u>63,103</u></u>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Page 8

# Strata Service Solutions Limited

## Balance Sheet

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Intangible assets	9	1,871,728	1,963,841
Tangible assets	10	<u>1,100,968</u>	<u>1,270,788</u>
		<u>2,972,696</u>	<u>3,234,629</u>
<b>Current assets</b>			
Stocks		4,384	7,845
Debtors	11	1,928,981	1,537,634
Cash at bank and in hand		<u>811,600</u>	<u>504,809</u>
		2,744,965	2,050,288
<b>Creditors: Amounts falling due within one year</b>	13	<u>(1,736,193)</u>	<u>(1,294,043)</u>
<b>Net current assets</b>		<u>1,008,772</u>	<u>756,245</u>
<b>Total assets less current liabilities</b>		3,981,468	3,990,874
Deferred income	13	<u>(2,062,369)</u>	<u>(1,774,678)</u>
<b>Net assets excluding pension liability</b>		1,919,099	2,216,196
Net pension liability	15	<u>(6,924,000)</u>	<u>(3,377,000)</u>
<b>Net liabilities</b>		<u>(5,004,901)</u>	<u>(1,160,804)</u>
<b>Capital and reserves</b>			
Called up share capital	17	3	3
Capital contribution reserve	16	1,094,754	1,613,725
Profit and loss account	16	<u>(6,099,658)</u>	<u>(2,774,532)</u>
<b>Total equity</b>		<u>(5,004,901)</u>	<u>(1,160,804)</u>

Approved and authorised by the Board on 23.07.17 and signed on its behalf by:



Mr R D Hodgson  
Director

Company Registration Number: 09041662

The notes on pages 12 to 22 form an integral part of these financial statements.  
Page 9

**Strata Service Solutions Limited**

Statement of Changes in Equity

Year Ended 31 March 2017

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2016	3	1,613,725	(2,774,532)	(1,160,804)
Loss for the year	-	-	(664,097)	(664,097)
Other comprehensive income	-	-	(3,180,000)	(3,180,000)
Total comprehensive income	-	-	(3,844,097)	(3,844,097)
Transfer to profit and loss reserve	-	(518,971)	518,971	-
At 31 March 2017	<u>3</u>	<u>1,094,754</u>	<u>(6,099,658)</u>	<u>(5,004,901)</u>
	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2015	3	2,064,067	(3,287,977)	(1,223,907)
Loss for the period	-	-	(1,039,897)	(1,039,897)
Other comprehensive income	-	-	1,103,000	1,103,000
Total comprehensive income	-	-	63,103	63,103
Transfer to profit and loss reserve	-	(450,342)	450,342	-
At 31 March 2016	<u>3</u>	<u>1,613,725</u>	<u>(2,774,532)</u>	<u>(1,160,804)</u>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Page 10

# Strata Service Solutions Limited

## Statement of Cash Flows

Year Ended 31 March 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Loss for the year		(664,097)	(1,039,897)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	911,873	884,809
Loss on disposal of tangible assets		95,195	-
Finance income		(4,200)	(11,518)
Finance costs	7	128,032	137,000
Corporation tax	8	840	2,304
		<u>467,643</u>	<u>(27,302)</u>
Working capital adjustments			
Net pension movement	15	239,000	321,000
Decrease in stocks		3,461	4,602
Increase in trade debtors	11	(391,347)	(818,747)
Increase in trade creditors	13	443,615	138,756
Increase in deferred income		287,691	204,700
		<u>1,050,063</u>	<u>(176,991)</u>
Cash generated from operations			
Corporation tax paid		<u>(2,304)</u>	<u>(897)</u>
Net cash flow from operating activities		<u>1,047,759</u>	<u>(177,888)</u>
<b>Cash flows from investing activities</b>			
Interest received		4,200	11,518
Acquisitions of tangible assets		(253,525)	(194,653)
Acquisition of intangible assets		<u>(491,611)</u>	<u>(508,612)</u>
Net cash flows from investing activities		(740,936)	(691,747)
<b>Cash flows from financing activities</b>			
Interest paid		<u>(32)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		306,791	(869,635)
Cash and cash equivalents at 1 April		<u>504,809</u>	<u>1,374,444</u>
Cash and cash equivalents at 31 March		<u>811,600</u>	<u>504,809</u>

The notes on pages 12 to 22 form an integral part of these financial statements.  
Page 11

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 1 General information

The company is a private company limited by share capital incorporated in England and Wales.

The address of its principal place of business and registered office is:

Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

### 2 Accounting policies

#### Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of accounting and statement of compliance

The company's financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland.

There are no material departures from FRS 102.

The functional currency of Strata Service Solutions Limited is considered to be pounds sterling because that is the currency of the economic environment in which the company operates.

#### Going concern

Although the company is in a net liability position, the councils have signed up to an agreement with the company for an initial three year period with agreed annual revenue contributions which ends 1 November 2017. The three councils are required to give 18 months' notice to terminate the service provision. To date no council has indicated a desire to serve notice. The intention of the directors is to offer the councils an extension to the existing agreement and they have no reason to expect that the extension will not be accepted. In addition the councils have provided a guarantee to meet in full any remaining liability on the pension scheme in the event of insolvency of the company.

On this basis, the directors have prepared the financial statements on a going concern basis.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### Key sources of estimation uncertainty

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

The items in the financial statement where these judgements and estimates have been made include:

Due to advancements in technology the estimation of the useful economic life of intangible assets, which predominately are made up of software, is deemed to be key. The carrying amount is £1,871,729 (2016 - £1,963,841).

Due to advancements in technology the estimation of the useful economic life of tangible assets, which predominately are made up of computer equipment, is deemed to be key. The carrying amount is £1,100,968 (2016 - £1,270,788).

Defined benefit pension liability - assumptions. The carrying amount is £(6,924,000) (2016 - £(3,377,000)).

### Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the provision of information technology services to the relevant councils. Turnover is shown net of value added tax, returns, rebates and discounts. Fees are invoiced quarterly and recognised in the period to which they relate. Revenue is accrued or deferred as appropriate.

### Government grants

Government grants relating to fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the expenditure is incurred.

### Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

### Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### Asset class

Computer equipment

### Depreciation method and rate

5-10 years straight line

### Intangible assets

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

### Amortisation

Amortisation is provided on intangible assets so as to write off the cost over their useful life as follows:

### Asset class

Software

### Amortisation method and rate

5 years straight line

### Stocks

Stocks represent consumable stock and are carried at cost less provision for impairment.

### Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### Defined benefit pension obligation

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

### Financial instruments

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

The company holds the following basic financial instruments:

- Short term trade and other debtors and creditors

These instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 3 Revenue

The analysis of the company's revenue for the year from continuing operations, all of which is attributable to the United Kingdom, is as follows:

	2017 £	2016 £
Fee income	6,576,917	6,121,496
Grant income	515,592	443,669
	<u>7,092,509</u>	<u>6,565,165</u>

### 4 Operating loss

Arrived at after charging

	2017 £	2016 £
Depreciation expense	363,369	348,934
Amortisation expense	548,504	535,875
Loss on disposal of property, plant and equipment	95,195	-
	<u>95,195</u>	<u>-</u>

### 5 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2017 £	2016 £
Wages and salaries	2,029,875	1,904,002
Social security costs	196,297	142,219
Pension costs, defined benefit scheme	470,000	547,000
	<u>2,696,172</u>	<u>2,593,221</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2017 No.	2016 No.
Administration and support	<u>68</u>	<u>72</u>

### 6 Auditor's remuneration

	2017 £	2016 £
Audit of the financial statements	<u>4,225</u>	<u>3,865</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 7 Interest payable and similar expenses

	2017 £	2016 £
Interest on bank overdrafts and borrowings	32	-
Net finance costs in respect of defined benefit pension scheme	128,000	137,000
	<u>128,032</u>	<u>137,000</u>

### 8 Taxation

Tax charged/(credited) in the profit and loss account

	2017 £	2016 £
<b>Current taxation</b>		
UK corporation tax	<u>840</u>	<u>2,304</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2016 - higher than the standard rate of corporation tax in the UK) of 20% (2016 - 20%).

The differences are reconciled below:

	2017 £	2016 £
Loss before tax	<u>(663,257)</u>	<u>(1,037,593)</u>
Corporation tax at standard rate	(132,651)	(207,519)
Effect of expense not deductible in determining taxable profit	133,491	209,823
Total tax charge	<u>840</u>	<u>2,304</u>

By virtue of its members, the company has been set up as a mutual trading company and as such the tax charge for the year is only applied to its external investment income.

## Strata Service Solutions Limited

### Notes to the Financial Statements

Year Ended 31 March 2017

#### 9 Intangible assets

	Software £	Total £
<b>Cost or valuation</b>		
At 1 April 2016	2,679,376	2,679,376
Additions	491,611	491,611
Disposals	(68,166)	(68,166)
At 31 March 2017	<u>3,102,821</u>	<u>3,102,821</u>
<b>Amortisation</b>		
At 1 April 2016	715,535	715,535
Amortisation charge	548,505	548,505
Amortisation eliminated on disposals	(32,947)	(32,947)
At 31 March 2017	<u>1,231,093</u>	<u>1,231,093</u>
<b>Carrying amount</b>		
At 31 March 2017	<u>1,871,728</u>	<u>1,871,728</u>
At 31 March 2016	<u>1,963,841</u>	<u>1,963,841</u>

#### 10 Tangible assets

	Computer equipment £	Total £
<b>Cost or valuation</b>		
At 1 April 2016	1,744,672	1,744,672
Additions	253,525	253,525
Disposals	(116,082)	(116,082)
At 31 March 2017	<u>1,882,115</u>	<u>1,882,115</u>
<b>Depreciation</b>		
At 1 April 2016	473,884	473,884
Charge for the year	363,369	363,369
Eliminated on disposal	(56,106)	(56,106)
At 31 March 2017	<u>781,147</u>	<u>781,147</u>
<b>Carrying amount</b>		
At 31 March 2017	<u>1,100,968</u>	<u>1,100,968</u>
At 31 March 2016	<u>1,270,788</u>	<u>1,270,788</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 11 Debtors

	2017 £	2016 £
Trade debtors	341,663	135,511
Other debtors	582,189	172,190
Prepayments and accrued income	1,005,129	1,229,933
	<u>1,928,981</u>	<u>1,537,634</u>

### 12 Cash and cash equivalents

	2017 £	2016 £
Cash at bank	<u>811,600</u>	<u>504,809</u>

### 13 Creditors

	2017 £	2016 £
<b>Due within one year</b>		
Trade creditors	224,465	29,837
Corporation tax	840	2,304
Social security and other taxes	428,791	-
Other creditors	12,544	4,422
Accrued expenses	1,069,553	1,257,480
	<u>1,736,193</u>	<u>1,294,043</u>
<b>Deferred income</b>		
Government grants	<u>2,062,369</u>	<u>1,774,678</u>

### 14 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2017 £	2016 £
Not later than one year	45,888	6,900
Later than one year and not later than five years	4,619	100,499
	<u>50,507</u>	<u>107,399</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 15 Pension and other schemes

#### Defined benefit pension schemes

##### Local Government Pension Scheme (LGPS)

The assets and liabilities of the scheme were transferred to the company on 1 November 2014 when the employees, who are members of the scheme, were transferred to the company from East Devon District Council, Teignbridge District Council and Exeter City Council. As part of the arrangements for the transfer, the Councils have provided guarantees to meet their share of their respective liabilities to the scheme in the event of the insolvency of the company.

The date of the most recent comprehensive actuarial valuation was 01 April 2017. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £598,000 (2016 - £686,000).

#### **Reconciliation of scheme assets and liabilities to assets and liabilities recognised**

The amounts recognised in the statement of financial position are as follows:

	2017 £	2016 £
Fair value of scheme assets	6,514,000	5,370,000
Present value of defined benefit obligation	<u>(13,438,000)</u>	<u>(8,747,000)</u>
Defined benefit pension scheme deficit	<u>(6,924,000)</u>	<u>(3,377,000)</u>

#### **Defined benefit obligation**

Changes in the defined benefit obligation are as follows:

	2017 £
Present value at start of year	8,747,000
Current service cost	470,000
Interest cost	343,000
Actuarial gains and losses	3,346,000
Benefits paid	(50,000)
Contributions by scheme participants	125,000
Experience loss on defined benefit obligations	293,000
Change in demographic assumptions	164,000
Present value at end of year	<u>13,438,000</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2017 £
Fair value at start of year	5,370,000
Interest income	215,000
Return on plan assets, excluding amounts included in interest income/(expense)	819,000
Actuarial gains and losses	(196,000)
Employer contributions	234,000
Contributions by scheme participants	125,000
Benefits paid	(50,000)
Administrative expenses	(3,000)
Fair value at end of year	<u>6,514,000</u>

### *Analysis of assets*

The major categories of scheme assets are as follows:

	2017 £	2016 £
Cash and cash equivalents	174,000	120,000
Equity instruments	4,798,000	3,804,000
Debt instruments	362,000	339,000
Property	570,000	601,000
Other assets	610,000	506,000
	<u>6,514,000</u>	<u>5,370,000</u>

### *Return on scheme assets*

	2017 £	2016 £
Return on scheme assets	<u>819,000</u>	<u>(183,000)</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2017	2016
	%	%
Discount rate	2.80	3.90
Future salary increases	4.20	4.30
Future pension increases	2.70	2.50
Inflation	3.60	3.40

### *Post retirement mortality assumptions*

	2017	2016
	Years	Years
Current UK pensioners at retirement age - male	23.00	23.00
Current UK pensioners at retirement age - female	26.00	26.00
Future UK pensioners at retirement age - male	26.00	25.00
Future UK pensioners at retirement age - female	28.00	29.00

### **16 Reserves**

#### Capital contribution reserve

The capital contribution reserve arose on the commencement of trade, following the donation of intangible and tangible fixed assets to the company from the three councils for nil consideration. An element of this is transferred to the profit and loss reserve as the assets are depreciated. Similarly transfers are performed based on gains and losses that arise on the disposal of donated assets.

### **17 Share capital**

#### Allotted, called up and fully paid shares

	No.	2017	No.	2016
		£		£
Ordinary shares of £1 each	3	3	3	3

### **18 Commitments**

#### Capital commitments

The total amount contracted for but not provided in the financial statements was £319,519 (2016 - £116,709).

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2017

### 19 Related party transactions

#### Key management personnel

The directors are not remunerated from this company, other key management remuneration is as follows:

#### Key management compensation

	2017	2016
	£	£
Salaries and other short term employee benefits	67,859	75,000
Post-employment benefits	8,347	9,225
	<u>76,206</u>	<u>84,225</u>

#### Summary of transactions with other related parties

Entities with joint control over the company

The company recognised turnover of £7,092,509 (2016: £6,565,165) to the Councils which jointly control it. At the year end £336,415 (2016: £135,311) was owed to the company by the Councils.

## Strata Service Solutions Limited

### Detailed Profit and Loss Account

Year Ended 31 March 2017

	2017 £	2016 £
<b>Turnover</b>		
Fee income	6,576,917	6,121,496
Grant income	515,592	443,669
	<u>7,092,509</u>	<u>6,565,165</u>
<b>Cost of sales</b>		
Opening stock	(7,845)	(12,447)
Closing stock	4,384	7,845
Wages and salaries	(2,029,875)	(1,904,002)
Staff NIC (Employers)	(196,297)	(142,219)
Staff pensions (Defined benefit)	(470,000)	(547,000)
Staff training	(34,482)	(30,054)
Temporary staff wages	(35,576)	(207,434)
Other employment costs	(18,071)	(47,886)
Redundancy costs	(53,531)	(36,147)
	<u>(2,841,293)</u>	<u>(2,919,344)</u>
<b>Gross profit</b>	4,251,216	3,645,821
<b>Gross profit (%)</b>	<b>59.94%</b>	<b>55.53%</b>
<b>Administrative expenses</b>		
Administrative expenses	(4,790,641)	(4,557,932)
<b>Operating loss</b>	<u>(539,425)</u>	<u>(912,111)</u>
<b>Other interest receivable and similar income</b>		
Interest income on bank deposits	(4,200)	(11,518)
<b>Interest payable and similar charges</b>		
Interest on bank overdrafts and borrowings	(32)	-
Interest on defined benefit pension scheme	(128,000)	(137,000)
	<u>(128,032)</u>	<u>(137,000)</u>
<b>Loss before tax</b>	<u>(663,257)</u>	<u>(1,037,593)</u>

This page does not form part of the statutory financial statements.

Page 23

## Strata Service Solutions Limited

### Detailed Profit and Loss Account

Year Ended 31 March 2017

	2017 £	2016 £
<b>Administration costs</b>		
Repairs and maintenance	14,627	27,071
Telephone and fax	510,261	556,671
Licences and support	1,067,161	995,958
Computer software and maintenance costs	1,376,487	1,326,362
Printing, postage and stationery	396,024	407,279
Trade subscriptions	1,149	139
Sundry expenses	135,225	178,190
Travel and subsistence	42,485	31,851
Advertising	85,997	46,167
Auditor's remuneration	4,225	3,865
Auditor's remuneration - Internal audit services	16,675	-
Legal and professional	131,653	98,021
Bank charges	1,604	1,549
Amortisation of intangible assets	548,504	535,875
Depreciation of computer equipment (owned)	363,369	348,934
(Profit)/loss on disposal of tangible fixed assets	95,195	-
	<u>4,790,641</u>	<u>4,557,932</u>

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

**DATE OF MEETING:** 6<sup>th</sup> September 2017  
26<sup>th</sup> September 2017

**PUBLICATION DATE:** September 2017

**REPORT OF:** Alternate Director with lead responsibility for Human Resources

**SUBJECT:** People data report - 2016/17

**1. PURPOSE**

1.1 This report advises on key people information for 2016/17.

**2. BACKGROUND**

2.1 This report has been produced with the aim of providing important workforce management information and analysis to the Strata management team, Board, Chief Executives and Members.

2.2 This management information covers headcount, turnover, absence, recruitment, apprentices and age profile details for Strata.

**3 REPORT IN DETAIL**

**3.1 Headcount and full time equivalent numbers**

3.1.1 As at 31 March 2017, the headcount was 66 and the full time equivalent was 63.76.

3.1.2 As at 31 March 2016, the headcount was 72.5 and the full time equivalent was 70.59.

3.1.3 As At 31 March 2015, the headcount was 71 and the full time equivalent was 68.14.

3.1.4 There were 9 new employees in 2016/2017 in the following areas.

Service Area	Permanent	Fixed Term
Document Centre	1	
Programme & Resource		
Compliance & Security		
Business Systems	3	
Strata Service Solutions	1	
Support & Infrastructure	0	4
<b>Total</b>	<b>5</b>	<b>4</b>

### 3.2 Turnover and voluntary turnover

**3.2.1 Voluntary turnover at the end of 16/17 voluntary turnover was 17.91%. In 15/16 this was 8.28%.** This is considered high as local councils are currently running at between 9-12%. This year saw the structure embed, planned redundancies take place and those that did not want to be part of it taking the opportunity to leave as well as ill health which had persisted since before the transfer.

3.2.2 Non-voluntary turnover includes dismissals, redundancy and end of fixed term contracts. For 2016/2017 non voluntary turnover was 2.99%.

**3.2.3** The combined voluntary and non-voluntary turnover of staff was **20.90%** (14 employees) this is an increase of 75% compared to the same period last year of 9.66%. (8 employees)

3.2.4 This table illustrates the leavers from each service area.

Team	Number of leavers	Reason for leaving
Document Centre	1	New career choice
Programme & Resource	1	Seeking new opportunity
Compliance & Security	1	Planned redundancy
Business Systems	3	2 x resignation 1 x settlement agreement
Support & Infrastructure	7	1 x planned redundancy 1 x change of career 2 x ill health resignation 2 x seeking new opportunity

		1 x offered permanent position before end of fixed term contract
Strata Service Solutions	1	Retirement
<b>Total</b>	<b>14</b>	

### 3.3 Disciplinary action

3.3.1 In 2016/17 there were no disciplinary actions taken as a result of employee conduct falling below expectations. However, HR undertook two investigations which resulted in a number of recommendations for Strata including documenting procedures and ensuring testing protocols were improved.

### 3.4 Grievances

3.4.1 In 2016/17 there were no formal grievances raised.

### 3.5 Absence

3.5.1 The average number of days lost per FTE for Strata was 9.62 days per person compared to 4.8 days the previous year. As an organisation 648 days in total were lost through absences for various reasons.

3.5.2 Our aim is to reduce absence to under 8 days in line with other public sector organisations who are performing well in this area.

3.5.3 The top 3 main reasons for absence in Strata for that year were:

- Heart/ blood pressure (147 days)  
A total of 147 days were lost by 2 employees as a result of health issues related to heart conditions. Both employees had 4 weeks or more absence, 1 of which has returned to work whilst the other has now left the organisation.
- Stress / depression (120.5 days)  
The second most significant reason for absence was absence related to stress and depression **unrelated to work**. This reason was cited by 5 employees. The longest period was 80 days in length by an employee who has since left the organisation.
- Stomach, liver, kidney, digestion (77.5 days)  
14 employees lost 77.5 days absence between them as a result of stomach, kidney, lower digestion problems.

3.5.4 Short term absence (less than 8 days) (158.2 days)

3.5.5 Short term absence represents 20.40% of the total days lost. The number of short term days has reduced compared to the same period last year when it was 168.75 days - this represents a decrease in short term absence of 6.3%

3.5.6 Cold and flu was the most common reason for short term absence (47 days) followed by stomach and kidney complaints, 20.5 days and 15 days neurological/headaches. This was the same trend as last year and why HR has introduced the flu jab offer.

3.5.7 Medium term absence (more than 8 days but less than 2 months) (98 days). This has reduced by 30 days compared to the same period last year, 6 Strata employees had medium term absence. This represents a 21.6% decrease.

3.5.8 Long term absence (more than 2 months) (392 days). This has increased by 343 days as a result of the long term absence of 6 employees for a variety of reasons. 5 of these employee are no longer with organisation. 147 days were lost by 2 employees with heart conditions. 80 days by an employee experiencing stress and depression, 61.5 days by an employee who was receiving cancer treatment, 57 days by an employee with kidney stone condition, and 47 days for an employee receiving hospital treatment.

3.5.9 Long term absence represents 60.49% of the total days lost.

## **3.6 Recruitment**

3.6.1 We continue to operate under a Service Level Agreement with Devon County Council for the use of their advertising agency. This enables us to use DCC's leverage in terms of negotiating prices for advertisements and saves considerable officer time as there is no requirement to go through lengthy tendering and procurement procedures.

3.6.2 Strata spent £3,657 to a recruitment agency for sourcing a permanent member of staff and £500 on psychometric testing for a management post.

3.6.3 Strata also spent a total of £35,575 on agency staff to assist with the global desktop project for all 3 councils.

3.6.4 We advertised 14 posts through press advertising (some posts are advertised twice and some are for fixed term positions). We spent a total of £6268 on recruitment advertising. Wherever possible composite advertisements are used to drive down costs and the average cost per vacancy is £447.

3.6.5 We have made considerable effort to drive down costs by increasingly using social media and online advertising.

3.6.6 Through the successful introduction of an Employee Referral Scheme by HR (based on EDDC policy) we have recruited 3 employees. This has saved Strata in

the region of £10k when compared to recruitment via agencies. We have already seen this trend continue in 2017.

### 3.7 Apprentices

3.7.1 Strata have just recruited 3 apprentices for each of the 3 councils for 17/18. In the previous year 15/16 we recruited 3 apprentices, 2 of which are now employed permanently and 1 is continuing with their apprenticeship learning and development.

### 3.8 Organisation age profile

3.8.1 The average age of an employee at Strata is 44.43.

Age	No. of Employees
25 and under	5
26 to 40	15
41 to 55	36
56 to 65	9
>65	0
<b>Average Age</b>	<b>44.43</b>

## 4 RECOMMENDATIONS

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

<b>Karen Jenkins</b> Alternate Director (HR Lead)	<b>Contact details</b> Tel: 01395 517562 E-mail: <a href="mailto:kjenkins@eastdevon.gov.uk">kjenkins@eastdevon.gov.uk</a>
--	---

This page is intentionally left blank