



Solutions for government

STRATA JOINT SCRUTINY COMMITTEE

Date: Monday 16 January 2017

Time: 3.00 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 Howard Bassett, Democratic Services Officer on 01392 265107.

Membership -

Councillors Dewhirst, Haines, Leadbetter, Lyons, Prowse, Dent, Jung, Howe and Musgrave

The Members of the Joint Scrutiny Committee may nominate a named substitute to attend a meeting of the Joint Scrutiny Committee provided that at least 24 hours notice has been given to the Proper officer of the Relevant Council together with the name of the substitute

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 15 September 2016.

(Pages 5 -
10)

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**

RESOLVED that, under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of items 8 and 9 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1, 2, 3 and 4 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 **Question from Members of the Councils under Procedure 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 Budget Monitoring Quarter III : 2016/17**

To consider the report of the Director (Finance Lead)

(Pages 11
- 16)

Part II: Items suggested for discussion with the press and public excluded

8 **Update on Strata Implementation Plan creating a Revised Business Plan 2017/18**

To consider the report of the Chief Operating Officer, Strata and Strata Board.

(Pages 17
- 118)

9 **Internal Audit of Governance Arrangements**

To consider the report of the Strata Board.

(Pages
119 - 136)

Date of Next Meeting

The next scheduled meeting will be held on **Thursday** 16 March 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.

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STRATA JOINT SCRUTINY COMMITTEE

Thursday 15 September 2016

Present:-

Councillor Dent (Chair)
Councillors Dewhirst, Howe, Jung, Lyons, Musgrave, Prowse and Jung

Also Present

Chief Operating Officer, Assistant Director Finance Teignbridge Strata Director, Manager Compliance and Security, Manager Programme and Resources, Manager Business Systems, Service Desk Team Leader and Democratic Services Officer (Committees) (HB)

29 **APOLOGIES**

Apologies were received from Councillors, Haines, Leadbetter and Sheldon (Substitute Councillor Musgrave)

30 **MINUTES**

The minutes of the meeting held on 7 June 2016 were taken as read and signed by the Chair as correct.

31 **DECLARATIONS OF INTEREST**

No declarations of pecuniary interest were made.

32 **QUESTIONS FROM THE PUBLIC UNDER PROCEDURAL RULES**

None.

33 **QUESTION FROM MEMBERS OF THE COUNCILS UNDER PROCEDURE RULES**

None.

34 **ACCESS TO BOARD MINUTES**

Following requests made at a previous Scrutiny meeting, the Board had given consideration to making minutes of its meetings available to Scrutiny Committee Members. Whilst understanding the need for Scrutiny Members to have sufficient information to undertake their representative role on behalf of the public, the Board had felt that it was important for confidentiality to be maintained. The level of information in Board minutes was operational and related to the day to day management of the company and, as such, was not appropriate for general release. This view had been endorsed by Strata Joint Executive Committee.

One Member of this Scrutiny Committee had asked for a copy of the Board minutes through a Freedom of Information request and these had been provided for him, appropriately redacted. He stated that the amount of redaction was minimal and that the minutes themselves were very brief and that, as such, he could not see how much, if any, of the commercial element of the Board's debate would be revealed within the minutes. Circulation of these minutes, he suggested, would provide Scrutiny Members with a sufficient idea of matters under consideration by the Board without revealing confidential commercial and staffing issues.

It was reported that the Board fully understood Members desire to fulfil their scrutiny role and the Teignbridge Strata Director undertook to circulate the redacted minutes provided to the one Councillor to the other Members of the Committee.

The Board would give further consideration to this issue and whether the circulation of redacted minutes would be the appropriate way forward.

35 **STRATA GLOBAL DESKTOP - PROGRESS REPORT INCLUDING CHANGES TO GLOBAL DESKTOP PLAN**

The Chief Operating Officer updated Members on progress with the roll-out of the Global Desktop (GD). Following initial problems with two or three software glitches at Exeter, roll-out there had been delayed until April of this year but more major difficulties had been experienced at Sidmouth relating to the link between Exeter and Sidmouth which comprised three stretches with different providers. As a result the management teams had changed the priority of migration. It was now anticipated that completion would occur by April 2017. The change of plan for the roll out of the GD meant that Teignbridge would migrate to the GD by the end of year with East Devon following. 600 staff had been transferred to GD with the total number to be 1,800.

Responding to Members, he advised that there were no concern regarding the East Devon roll out process to the new offices at Honiton and Exmouth. Regarding contractual arrangements with the suppliers, he advised that the priority was to ensure that VMWare were focused on resolution of Strata issues. Any compensation issues would be discussed with them once the systems were working.

Strata Joint Scrutiny Committee noted the report.

36 **CAPACITY AND CONVERGENCE PLAN**

The Chief Operating Officer presented the Capacity and Convergence Plan.

Amongst the 40 projects, the following were aimed at achieving business software convergence:-

- **The Uniform system from IDOX** - including the delivery of Planning, Building Control and Land Charges in Exeter;
- **HR, Payroll, Time and Attendance, Door Access** - all three councils possess a common suite of software to manage the HR, and payroll services along with a common door access system;
- **Exacom** - a software application for managing the Community Infrastructure Levy (CIL), being introduced across the three authorities;
- **Corporate Websites** - successfully introduced with all three websites built in a common way;
- **Car Parks software** - project just about to start with presentations arranged with suppliers;
- **GovDelivery** - GovDelivery, a communication tool allowing customers to sign up to newsletters for different services introduced earlier this year in Exeter, now being taken up by East Devon;
- **Bacs** - work well underway on the BACS software convergence project; and
- **Numerous Desktop applications** following rolling out the Global Desktop.

In response to Members' queries, the Chief Operating Officer and Directors advised that although there had not been a radical increase in the speed of the various applications the number of incidents had halved since the introduction of Global Desktop and that, with staff reduction anticipated by the end of year four, planning for necessary resources would begin well before the end of year three. A key element of the Business Case and Delivery team was the split between project and other work and project work was split between high and low intensity. It was noted that, at this stage, the Board was not in a position to provide additional resources. As convergence continued the Business Plan would be updated.

The Manager Programmes and Resources advised that assessment of timing and delivery of project planning was based on staff resources.

37

GLOBAL DESKTOP - PRESENTATION

The Service Desk Team Leader presented the main features of the new Global Desktop focusing on the Outlook and Skype facilities, demonstrating the latter through contacting a colleague elsewhere in the building.

Strata Joint Scrutiny Committee noted the report.

38

STRATA BUDGET MONITORING QUARTER 1 : 2016/17

The Director responsible for Finance presented the final audited Statement of Accounts for 2015/16 for Strata Service Solutions as well as the financial progress of Strata during the first three months of 2016/17, including a projected outturn assessment against the savings set out in the Business Plan.

The original business case for Strata had set out a savings profile over the initial 10 year period of the company, with savings of £254,000 budgeted for 2016/17. The projected saving at the beginning of 2016/17 as a result of additional costs from the transfer of staff to new Strata terms and conditions had been £26,964. It was now anticipated that the savings would be £97,000.

Strata Joint Scrutiny Committee noted the report including the Final Statement of Accounts for 2015/16.

39

HUMAN RESOURCES PROGRESS REPORT 19 AUGUST 2016

The Strata HR Lead for Human Resources presented the Human Resources update report setting out continued progress on key HR work during the restructure period.

The Board had approved additional restructure costs of £108,000 plus up to £31,000 redundancy costs. Flexibility between sites had been important and 72% of those offered Strata conditions had accepted, apart from the document processing team based at East Devon.

Notwithstanding delivery requirements, a focus on people issues were important including staff engagement, communication and training. The results of the staff engagement survey had been published and were available on the Strata internet. It had been recommended that the Strata management team draw up an action plan on feedback received from the survey which would help the attainment of Investors in People.

The following responses were given to Members' queries:-

- three apprentices had been recruited, one for each site, with one having been taken on permanently. An IT recruitment firm was engaged with view to the recruitment of further apprentices wherever possible;
- project delivery pressures on Strata management as well as those on Council managers were recognised and were monitored through the appropriate indicators. If necessary, timing of project delivery would be subject to negotiation with the three Councils;
- training was of particular importance with various training opportunities on offer through the Learning Development Partnership including on line training, one to one courses and training led course - for example a forthcoming data base course would be attended by half of one of the Strata teams who would subsequently train other team members; and
- staff turnover was monitored in terms of Business Plan commitments to ensure the availability of staff resources and to achieve savings as far as possible.

Strata Joint Scrutiny Committee noted the progress of the Human Resources report.

40 **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 for the consideration of the following item on the grounds that it involves the likely disclosure of exempt information as defined in Paragraphs 1, 2, 3 and 4 of Part I, Schedule 12A of the Act.

41 **INTERNAL AUDIT REPORT ON STRATA'S SYSTEMS**

The Director responsible for Finance presented the Strata Internal Audit Report 2015/16 produced by the Devon Audit Partnership following its successful tender bid for a three year contract.

The Audit opinion was that the systems and controls generally mitigated the risk identified but a few weaknesses had been identified and/or mitigating controls had not been fully applied. There were no significant matters arising from the audit and the recommendations made served to strengthen what were mainly reliable procedures.

“Good standard” levels of assurance had been given for each of the following areas covered during the audit:-

- ICT Strategy;
- Change Management;
- Incident and Problem solving; and
- Key operational functions.

With regard to the risk to business continuity with ageing network assets, the Chief Operating Officer advised that many of the main network switches would have been replaced by March 2018 (East Devon District Council building moves) advised that external equipment was of the highest standard and that the Global

Desktop project would make maximum use of PC's that are even 10 years old. Moreover, new network cabling and switches had been installed at Teignbridge with East Devon to benefit from modern equipment on the office move.

Strata Joint Scrutiny Committee noted the report and commended staff on maintaining such high standards of control during a challenging period.

42

SCRUTINY WORK

The Chair proposed to Members that they report back to the next meeting of this Scrutiny Committee on 1 December on possible areas within Strata Service Solutions which could be the subject of scrutiny through the task and finish group process. He recommended that this be informed by Members discussing issues with staff within their respective authorities.

Strata Joint Scrutiny Committee noted that Members would provide written reports two weeks before the December meeting for inclusion on the agenda.

(The meeting commenced at 5.30 pm and closed at 7.24 pm)

Chair

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STRATA JOINT SCRUTINY COMMITTEE STRATA JOINT EXECUTIVE COMMITTEE

DATE OF MEETING: 16 JANUARY 2016

PUBLICATION DATE: 4 JANUARY 2016

REPORT OF: STRATA BOARD

SUBJECT: STRATA BUDGET MONITORING DECEMBER - 2016/17

1. PURPOSE

- 1.1 This report advises on the financial progress of Strata during the first nine months of 2016-17, including a project outturn assessment against the savings agreed in the budget.

2. BACKGROUND

- 2.1 The Company has been given a total of £5.933 million to run the IT Services in 2016/17 along with funding for various capital projects. Additionally a number of items are being directly funded by the owners to deliver Council specific 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 December 2016

3.1 Savings as per Business Plan

The original Business Case for Strata set out a savings profile 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 saving summary is set out below.

		Capital Expenditure Savings	Revenue Savings	Total
2015-16	Year 1	(443,932)	(262,098)	(706,030)
2016-17	Year 2	(272,522)	(254,052)	(526,574)
2017-18	Year 3	(319,822)	(482,836)	(802,658)
2018-19	Year 4	(259,609)	(627,961)	(887,570)
2019-20	Year 5	(129,300)	(769,653)	(898,953)
2020-21	Year 6	867,962	(858,293)	9,669
2021-22	Year 7	(138,000)	(933,626)	(1,071,626)
2022-23	Year 8	(9,884)	(927,313)	(937,197)
2023-24	Year 9	(196,902)	(949,680)	(1,146,582)
2024-25	Year 10	(374,300)	(984,040)	(1,358,340)
Total		(1,276,309)	(7,049,550)	(8,325,859)

However, approval to move staff to new Strata Terms and conditions meant that a revenue saving of only £26,964 was projected at the start of the financial year.

3.2 Key Variations from Revenue Budget

The Strata budget is on track to deliver around £70,000 of revenue savings for the Councils in 2016-17. The key variations are set out on the next page:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(44,731)	<ul style="list-style-type: none"> The planned redundancies are lower than estimated in the Budget.

Expenditure Type	Projected Over / (Underspend)	Detail
Supplies & Services	249,756	<ul style="list-style-type: none"> A number of contracts, which were planned to end have had to be extended as a result of the delay in the global desktop. Additional maintenance directly funded by the Councils.
Income - Revenue	(266,490)	<ul style="list-style-type: none"> Additional income to finance Firmstep annual maintenance from ECC. Additional income to cover other items directly funded by the Councils.
Transport	11,300	<ul style="list-style-type: none"> Based on current trends transport costs will be above budget.
Investment interest / Tax	6,800 net	<ul style="list-style-type: none"> Cash in the company is reducing along with expectations for interest rates moving forward.

At the nine month stage the Board is projecting a revenue saving of £70,329 against the target of £254,052 in the original business case.

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 without funding identified. Some additional grant requires billing to the owners.

3.4 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. At present there are outstanding payments of £240,068 to be invoiced.

RECOMMENDATIONS

That the Joint Scrutiny and Joint Executive Committees note the contents of the report.

Dave Hodgson Director (Finance Lead)	Contact details Tel: 01392 265292 E-mail: david.hodgson@exeter.gov.uk
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**BUDGET MONITORING
31 DECEMBER 2016**

STRATA SERVICE SOLUTIONS - REVENUE BUDGET

	REVENUE BUDGET	ACTUAL & COMMITMENTS	PROJECTED OUTTURN	VARIANCE
	£	£	£	£
EMPLOYEES	2,636,490	1,946,759	2,591,759	(44,731)
SUPPLIES & SERVICES	3,231,356	2,794,245	3,481,112	249,756
TRANSPORT	33,700	33,117	45,000	11,300
SUPPORT SERVICES	15,000	15,000	15,000	0
TAX ON INTEREST	2,500	0	800	(1,700)
INCOME - REVENUE	(5,933,510)	(6,148,356)	(6,200,000)	(266,490)
INVESTMENT INTEREST	(12,500)	(3,065)	(4,000)	8,500
Net Income	(26,964)	(1,362,300)	(70,329)	(43,365)

CAPITAL PROJECTS

	CAPITAL BUDGET	ACTUAL & COMMITMENTS	PROJECTED OUTTURN	BUDGET REMAINING
	£	£	£	£
DATA CENTRE / DR - INFRASTRUCTURE including:	813,023	899,263	895,092	82,069
WAN				0
AD & EXCHANGE				0
DATA CENTRE - HARDWARE	113,200	86,132	86,132	(27,068)
DATA CENTRE - SOFTWARE	860,000	905,774	905,774	45,774
SERVICE DESK	2,000	799	799	(1,201)
Telecoms	182,623	59,781	182,623	0
SECURITY	87,150	56,850	56,850	(30,300)
Voice Activated Directory	42,812	42,812	42,812	0
IDOX	69,042	123,834	69,042	0
Public-I TDC AV Equipment	104,424	104,424	104,424	0
BARTEC	5,251	77,175	5,251	0
Guildhall Wi-fi	17,000	13,871	14,000	(3,000)
E-Fin upgrade	60,000	21,035	60,000	0
Firmstep	118,000	40,475	118,000	0
iTrent	186,000	20,396	186,000	0
EDDC Housing Management System	20,894	20,894	20,894	0
Revs & Bens - EDDC	6,023	6,023	6,023	0
LLPG	25,000	14,721	25,000	0
Revs & Bens - TDC	51,600	51,600	51,600	0
Capital Funds	(2,581,064)	(2,258,640)	(2,581,064)	0
Net Expenditure	182,978	287,218	249,252	66,274

COUNCIL RECHARGE

	ACTUAL TO DATE
	£
EMPLOYEES	0
SUPPLIES & SERVICES	311,159
INCOME	(71,091)
TO BE RECHARGED TO COUNCILS	240,068

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