

JOINT SCRUTINY COMMITTEE

DATE OF MEETING: 9 MARCH 2016

PUBLICATION DATE: 17 MARCH 2016

REPORT OF: STRATA BOARD

SUBJECT: STRATA BUDGET MONITORING Q3 - 2015/16

1. PURPOSE

- 1.1 This report advises Members of the financial progress of Strata during the first nine months of 2015-16, 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 £5.752 million to run the IT Services in 2015/16 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 31 December 2015

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)

In the current financial year therefore the savings expectation as per the Business Plan for Revenue is £262,098. The section below will set out progress towards delivering this target.

3.2 Key Variations from Revenue Budget

The Strata budget is on track to deliver approximately 75% of the planned revenue savings for the Councils in 2015-16. The key variations are set out on the next page:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(167,959)	<ul style="list-style-type: none"> The planned redundancies have taken place; Slightly below savings target – one additional member of staff against the Business Case as a result of an external management appointment. Additional costs in respect of the management of the implementation project.

Expenditure Type	Projected Over / (Underspend)	Detail
Supplies & Services	142,009	<ul style="list-style-type: none"> Projected overspend is offset by additional income from the owner Councils and relates to additional work requirements; Some savings anticipated this year as a result of contract novation (£21,500), but more will start on 1 April 2016 which will lead to a total of £66,800 a year against a savings target of £84,000. Further negotiations to be finalised; Unexpected rental costs in respect of data centre equipment at Teignbridge DC.
Income - Revenue	(165,438)	<ul style="list-style-type: none"> As noted above, this is the additional income to cover the items of expenditure in the Supplies and Services line.
Investment interest / Tax	(10,156) net	<ul style="list-style-type: none"> Interest income less tax

At the six month stage the Board is projecting a saving of £201,488 against the target of £262,098.

3.3 Key Variations from Capital Budget

The capital project to deliver the data centre and other implementation projects is progressing. The Capital programme remains on track after three quarters of the financial year.

3.4 TCA Grant

A total of £745,840 was carried forward into this financial year of which £408,268 has been spent. It is anticipated that the rest will be used in this financial year and be sufficient to meet the anticipated expenditure.

3.5 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. At present there are outstanding payments of £97,345 to be invoiced.

RECOMMENDATIONS

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

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