

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

*Note: This report will be considered at both meeting and a verbal update will be given on any recommendations comments arising from the Overview & Scrutiny meeting.*

**DATE OF MEETING:** 17 MARCH 2016 & 30 MARCH 2016

**PUBLICATION DATE:** 9 MARCH 2016

**REPORT OF:** STRATA BOARD

**SUBJECT:** STRATA BUDGET 2016/17

### **1. PURPOSE**

To approve the revenue and capital budgets for Strata for the 2016/17 financial year.

### **2. BACKGROUND**

In accordance with the Shareholder Agreement, the budget requires Full Council approval at each of the three owner Councils. The budget is based on the funds agreed from the three Councils based on the initial three year approved methodology – the 2013/14 budget as adjusted for inflation and agreed additions / disposals. The budget reflects the decisions made at the JEC 24 November 2015 to offer Strata contracts to those staff who wished to transfer and substantially removes the projected surplus in the original Business Plan for 2016/17. As agreed the reduction will be made up in future years to ensure the savings approved are made by the end of the project. If a surplus is achieved, it will be returned in the form of a refund to each Council in line with the agreed percentage split. The capital programme is made up from the agreed £150,000 annual contribution and any schemes approved by any or all of the three owners.

### **3. MAIN IMPLICATIONS**

#### **Revenue**

The three Councils have agreed a budget transfer for 2016/17 of £5,900,990. This includes the £15,000 for support services and all existing staffing, supplies and services. The budget, which is set out in Appendix A, has been created taking into account the following:

- Staffing budgets are based on the latest payroll costs in 2015/16, adjusted to take into account the impact of transferring across to Strata Terms and Conditions (£125,000).
- Transport costs are based on 2015/16 actuals;
- Support Services are based on the agreed payments;
- Supplies & Services are based on the initial amounts allocated, updated for inflation over the past two years and adding any additional items that have been purchased with ongoing cost implications. Savings from contracts already novated have been removed;
- Tax is based on the anticipated costs in 2016/17;
- Income is based on the agreed transfer from Councils along with a small historical transferred budget plus interest on cash balances.

The budget demonstrates the impact of the move to Strata terms and conditions as well as the one-off redundancy cost. Only a small part of these additional costs is considered likely to be clawed back within the financial year and therefore marks a significant departure from the original Business Plan. It is however in line with the report approved by the Joint Executive Committee on 24 November 2015.

### **Capital**

The capital programme is set out at Appendix B. It is based on the annual contribution, convergence projects and any approved Council schemes, which will be delivered by Strata. The budget for 2016/17 is £941,090. Any budget carry forwards from 2015/16 will be presented in the year-end financial reports, seeking approval for carry forward into the new financial year.

### **RECOMMENDATIONS**

**That the Board comments on and proposes, the Joint Scrutiny Committee comments, the Joint Executive recommends and Full Council approves the Budget for 2016/17.**

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