

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

DATE OF MEETING: 16 JANUARY 2016

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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.

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