

**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.

		Capital Expenditure Savings	Projected Revenue Savings	Actual Revenue Savings	Variance
2015-16	Year 1	(443,932)	(262,098)	(232,000)	30,098
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	(80,000)
2017-18	Year 3	(358,222)	(252,836)		252,836
2018-19	Year 4	(459,609)	(381,961)		381,961
2019-20	Year 5	(129,300)	(593,653)		593,653
2020-21	Year 6	867,962	(698,293)		698,293
2021-22	Year 7	(138,000)	(773,626)		773,626
2022-23	Year 8	(9,884)	(767,313)		767,313
2023-24	Year 9	(196,902)	(789,680)		789,680
2024-25	Year 10	(374,300)	(824,040)		824,040
Total		(1,554,709)	(5,363,500)	(332,000)	(6,918,209)

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

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.

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