



Solutions for government

## STRATA JOINT SCRUTINY COMMITTEE

Date: Monday 24 September 2018

Time: 4.00 pm

Venue: Rennes Room - Civic Centre

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, Lyons, Prowse, Dent, Jung, Nicholas, Foale and Pierce

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 31 May 2018.

(Pages 5 -  
12)

#### **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 10 and 11 on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1 and 3 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 IT Directors Report - Overview of Strata Performance**

To consider the report of the Strata IT Director.

(Pages 13  
- 42)

**8 Strata @4 Update**

To consider the verbal report of the Strata IT Director.

**9 Strata Budget Monitoring Quarter I : 2018/19**

To consider the report of the Director responsible for Finance.

(Pages 43  
- 76)

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

**10 People Data Report - 2017 to 2018**

To consider the verbal report of the Strata IT Director.

(Pages 77  
- 84)

**11 Training Needs Analysis Report**

To consider the verbal report of the Strata IT Director.

(Pages 85  
- 100)

**Date of Next Meeting**

The next scheduled meeting will be held on **Monday 14 January 2019 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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# Agenda Item 2

## STRATA JOINT SCRUTINY COMMITTEE

Thursday 31 May 2018

### Present:-

Councillors Dewhirst, Haines, Lyons, Prowse, Dent, Jung and Pierce

### Also Present

Strata IT Director, Head of Strata Business Systems, Head of Compliance and Security, Manager Document Processing, the Strategic Lead Finance and Democratic Services Officer (Committees) (HB)

1

### ELECTION OF CHAIR

Councillor Haines of Teignbridge District Council was confirmed as Chair for the next 12 months.

2

### MINUTES

The minutes of the meeting held on 30 November 2017 were approved and signed by the Chair as correct.

3

### DECLARATIONS OF INTEREST

No declarations of interest were made.

4

### QUESTIONS FROM THE PUBLIC UNDER PROCEDURAL RULES

None

5

### QUESTION FROM MEMBERS OF THE COUNCILS UNDER PROCEDURE RULES

None

6

### STRATA IT DIRECTOR'S REPORT

The Strata IT Director presented the report on the last five months of activity at Strata, the aim being to provide background to the core areas of specialisation within Strata and identifying key activities, successes and areas for improvement. The report covered Financial Management, BCR's and Projects, Service Desk, Global Desktop Environment and Supplier Management to which changes had been made as Strata moved from the Adopt/Adapt phase into the Transformation phase. Key performance indicators were also provided covering incidents, service requirements, security, problems, maintenance and business change requests.

He highlighted the following key areas:-

- better financial management had enabled Strata to deliver savings in excess of target. Savings of £575,000 had been delivered back to the three authorities against a target of £262,000, representing 215%, achieved through more proactive engagement between each of the Strata service lines and the City Council finance team. Staffing costs remained stable and costs associated with temporary contracts had reduced;

- a new post of a Supplier Manager - Andrew Woodhouse - had been created to better negotiate renewal of contracts to ensure Strata delivered against the 2018/19 savings target and a Project Manager - Chris Cook - had also been recruited working under the Manager Business Systems;
- the Global Desktop Improvement Programme (GDIP) had improved the overall performance of the Desktop environment and, during the period of adverse weather, had enabled the three authorities to continue to deliver services even with each HQ closed;
- the Global Desktop environment investment programme enabled progress with the Business Continuity programme and ensured that, in the event of a major incident, Strata could fail over the key/core applications required by the three authorities to the secondary Data Centre facility;
- a Joint IT Steering Group had been created to help prioritise project and business change request work across all three authorities;
- customer satisfaction remained high with all service incidents logged through a centralised service desk function in Exeter. In April, 432 responses had been received, comprising 430 positive responses, 11 neutral responses and 11 negative responses i.e. 94 % satisfaction. Neutral or negative replies had been followed up to identify areas of improvement;
- introduction of the Out of Hours service had been very successful now formalised for a 12 month period;
- high staff morale with Strata attracting and retaining high calibre staff;
- a business intelligence unit had been established which would enable the development of a data analysis capability to support the trend in 'Big Data';
- GDPR had increased and there was a high demand on Strata time to support the three authorities to ensure compliance;
- three new apprentices joined in September and it was the intention to recruit three more from South Devon College; and
- Strata continued to deliver a good level of service to the three authorities as identified by the Devon Audit Partnership and the level of savings delivered back to the three authorities was well in excess of that originally predicted with customer satisfaction scores high.

The following responses were given to Members' queries:-

- the lead in time to appoint the Supplier Manager was because of a number of factors including the resolution of a Human Resources matter and the first successful applicant having previously accepted the position then turning it down, Strata felt it important to take time to recruit the right person into the role given the key nature of the role and the need to find somebody whom would fit with the culture that Strata is building;
- to mitigate against the overall failure of Global Comms greater flexibility in the use of alternative and diverse systems was being built in, which enabled calls to be routed over the internet to diverse locations rather than to one specific location. BT were also moving away from traditional ISDN based telephony over to IP telephony by 2025 so the migration was essential; and
- results from the recently introduced East Devon green bin system were to be discussed with the teams at Teignbridge.

Also highlighted were the following key pressures:-

- Business System Finance - supporting the demands of the finance teams across the three authorities;
- ensuring Strata is supporting the GDPR requirements of the three authorities;
- service desk to keep pace with the service and support demands and also to

- support the needs of Councillors where there is a high demand for Strata support;
- develop business intelligence capability to gain better insight and value from data; and
- need for more IT training.

Goals for the next six months were:-

- improve the BCR and projects process;
- better financial monitoring for 2018/19;
- successful transition to the Honiton office with a December 2018 opening;
- Global Comms. roll-out in Exeter which was a significant challenge;
- GDPR support to the three authorities; and
- Improve Strata's public image through attendance at Job fairs, talks to businesses etc.

Individual managers presented their respective areas as set out below:-

#### **Infrastructure Projects - Adrian Smith**

The Head of Infrastructure and Support detailed the infrastructure investment programme, highlighted the following:-

- new faster storage, AppVolumes live and working in Exeter and East Devon, with Teignbridge District Council in the final stages of testing and faster desktops rolled out to staff;
- Vmware software environment upgraded and delivering further product enhancements;
- following feedback from Strata users after each stage of the improvement programme, a review of the UEM software would occur with view to upgrade;
- the last stage of the East Devon Server move to Exeter was near completion in advance of the move to the new Honiton Office;
- Global Desk Top Rolled Out successfully to 300 East Devon District Council staff with 100 staff remaining to migrate to the new telephony platform;
- progress had been made with Virgin Media Business (VMB) on the Teignbridge SIP Migration project now awaiting a confirmed migration date in order for testing with Skype for Business. Exeter's migration was more complex;
- report to be prepared on options for core network infrastructure for Exeter; and
- upgrade on secondary data centre location being examined as the current location on the Marsh Barton estate is not ideal, options being examined including private company to host, share with another body such as the RD&E or identify a new location.

#### **Business Systems Team - David Sercombe**

The Head of Strata Business Systems detailed the end to end review of the Business Change Requests (BCR) and Project process undertaken to align it more to the needs of the three authorities with a focus on delivering the value BCR's and Projects identified by each authority. To date, Strata had been inundated with work, with little knowledge of the overall benefit to each authority. A much clearer process was now being implemented to enable more accurate mapping of Strata work and allow councils to see the business benefits of each request and enable each piece of work to be added to a Strata work plan.

There would be close working with the client leads of the three authorities and workshops had been held at East Devon and Teignbridge to classify requests with a further workshop to be held at Exeter. Once all workshops were completed, the Priority BCRs would then be added to a work plan and shared with Client Leads via the Internal Review Board for review as well as the Joint IT Steering Group.

The Head of Business Systems also commented on the BCR Performance indicators, new BCR demand by month, the total number of BCR's and total number of closed BCR's during the month. Also reported were the performance indicators of projects including:-

- Firmstep in Exeter - several updates had been made;
- Firmstep in Teignbridge - progressing well;
- New HR and Payroll system continued in Teignbridge and Exeter; and
- planning, building control and land charges systems.

The Head of Business Systems also updated Members on progress with the review of the existing convergence programme which mapped progress with regard to the requirements of the three authorities.

It was also noted that the Street Naming and Numbering and GIS team has been rebranded as the Business Intelligence Unit to better reflect the work the team provide and to develop a capability much more in line with the three authorities need to make decisions based on data.

#### **Compliance and Security - Robin Barlow**

The report of the Head of Compliance and Security highlighted that there had been no evidence that the Salisbury nerve agent incident had impacted on recent security events and that a weekly update was being provided from the Cabinet office about how secure email will now be delivered after an announcement that their accreditation scheme had been cancelled. It was noted that the preparation for PSNO Coco was underway with pre-emptive scanning by the Security team and completion of actions from the previous CoCo.

#### **Document Centres - Martin Millmow**

The report of the Manager Document Processing highlighted the move of the existing Copy Centre in the Civic Centre to be closer to the main Strata office and, resulting from a general push by departments and the raised awareness of GDPR, there had been an increased officer focus on the handling and storage of both physical and digital documents.

Strata Joint Scrutiny Committee noted the report and thanked the Strata staff for their hard work and the significant progress made.

The letter of the Devon Audit Partnership issued to the three authorities had reported good progress against each of the core business objectives of Strata of Cost, Risk and Change. Aspects covered by the letter included risk and performance management, business continuity plan, cyber security, key operational functions and service design.

Strata Joint Scrutiny Committee noted the report.

## IT TRAINING NEEDS PROPOSAL

The Strata IT Director presented the report proposing the introduction of a roving IT training resource to enable authorities to deliver a more professional approach to IT and enabling skills shortages to be identified and addressed. It would be an effective way of bringing in a training resource without one single authority having to carry the full cost. Using the existing defined processes for recruitment, it was intended to identify and shortlist suitable candidates for this role. The intention was for a suitable resource to be in place by 1 September 2018.

Members emphasised the vital need for this resource to also be made available to Councillors of all three authorities.

Strata Joint Scrutiny Committee supported the report.

## SUPPORT OF COUNCILLOR IT PROGRAMME

The Strata IT Director reported that there was currently no formal agreement for the support of Councillor IT equipment at either East Devon or Teignbridge with Councillors providing their own IT out of their allocated budget and the authorities providing access to Office 365 to enable emails to be sent and received. Hence, Strata did not support the individual IT equipment (desktops, laptops, printers, tablets) used by each Councillor. IT equipment was not provided by either East Devon or Teignbridge to Councillors to enable them to perform their function.

At Exeter, Councillors were provided with devices to enable them to access both email and various IT systems. As these devices were authority owned, they were supported by Strata, and Councillors regularly contacting Strata to ask for support. The devices were built and provisioned by Strata and Microsoft Outlook was provided as the email platform.

Three options were set out for the support of the Councillors privately owned IT equipment as follows:-

**Option 1** - basic service provided by Strata at each location to be paid for by each authority and included in the annual Strata service charge. This would be charged at a rate of £250 per Councillor per annum. Hence for a Council of 50 councillors, the charge would be £12,500 per annum.

**Option 2** - basic service provided by Strata at each Head Office location to be paid for by each Councillor on an annual basis to be charged at a rate of £250 per councillor per annum to be deducted from the Councillor's expenses payments.

**Option 3** – A voucher scheme to enable an authority to buy a number of vouchers which could then be traded for Strata Service Desk support time. The initial minimum number of vouchers per authority would be 20, and each voucher would be worth an hour of Strata level 1 or level 2 time. A pack of 20 vouchers would be charged at a rate of £1,000, equivalent to £50 per hour. The voucher scheme would be administered by Democratic Services department of each authority.

A further option - **Option 4** – would involve Councils providing hardware (tablet device) to enable a councillors to perform their role comprising an iPad similar to those provided to Exeter City Council Members. The devices would be loaded with the relevant Strata supported councillor required applications, e.g. email. The estimated cost of providing the iPad device plus support in the first year would be circa £800 per councillor. In subsequent years, there would be an annual support cost of £150 per device. This service did not cover the cost of printing hardware or a home Broadband Service.

On the invitation of the Chair, Councillor Clarence of Teignbridge District Council addressed the Committee. He detailed the ongoing difficulties he was experiencing with IT generally as a result of the Teignbridge District Council policy whereby Councillors purchased equipment from their allowances and because Strata could not offer the necessary support. Crucially, he stated that this hindered his ability to function effectively as a Councillor.

Teignbridge and East Devon Members of the Committee re-iterated the problems being encountered. Although there was no direct support for IT equipment at Teignbridge, the Strata Service Desk had provided limited advice and guidance on IT issues but because of the divergence in personal equipment a comprehensive support was not viable. Similarly, at East Devon, Councillors had obtained limited assistance from Strata with privately owned IT hardware related issues. Some Councillors referred to the specific problems they had encountered with their Council work.

An Exeter City Councillor highly commended the Exeter option where tablets were issued to Councillors on election and where problems could be quickly resolved by the Strata Service Desk. She also commented that the equipment was passed on to new Council Members once a Councillor stood down from office.

Because of the above commendation, it was recognised that the most favourable long term solution was to adopt the Exeter system. However, short term, Members asked that either option 2 or option 3 should be chosen as an immediate resolution to the problems in order for a basic level service to be made available to allow for Councillors to contact the Strata Service Desk to request assistance, with one Member favouring the issue of vouchers as offered in the third option.

10

### **CUSTOMER SERVICE PLAN**

The Strata IT Director presented the report advising Members of the purpose of the Customer Service Plan, created to improve the level of service for the three authorities currently served by Strata. The Desk was responsible for supporting and logging incidents and technical support queries and ensuring that all telephony, email and portal queries are resolved. It provided a system generated interaction number which used to track the call from initial log to closure.

Strata Joint Scrutiny Committee note the report.

11

### **JOINT IT STEERING GROUP - TERMS OF REFERENCE**

The Strata IT Director presented the report setting out the role, mission statement, terms of reference and reporting lines of the newly created Joint IT Steering Group explaining how it fitted within Strata's overall governance framework.

Following a review of the governance structure of Strata it had been concluded that there was no one body overseeing the prioritisation of projects and programmes of work across the three authorities. This had led to Strata setting project priorities but with staff within each authority not understanding how the prioritisation works.

Strata Joint Scrutiny Committee noted the creation of a Joint IT Steering Group and its terms of reference.

12

**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 the following item on the grounds that it involved the likely disclosure of exempt information as defined in paragraphs 1,2 and 3 of Part I, Schedule 12A of the Act.

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**STRATA FINAL ACCOUNTS - 2017/18**

The Strategic Lead Finance reported that Strata had been given a total of £6.277 million to run the IT Services in 2017/18 along with funding for various capital projects. The 2017/18 Business Plan had revised the savings profile set out in the original Business Case over the initial ten year period of the Company with savings split into cashable revenue savings and savings to the Councils from not having to implement specific capital projects individually.

Strata had delivered £575,804 of revenue savings in 2017/18 and had refunded £565,000, the key variation being the former comparing well against the original target of £252,836. The three authorities would be considering future policy in respect of potential savings levels with regard to risk, the transition agenda and future objectives of the authorities.

The Councils had received capital funds to finance projects along with £150,000 a year towards improvements to the main network. At the end of 2017/18 the only aspect of the original infrastructure project outstanding was the telecoms project and there was £99,000 remaining to fund the completion of this work. In addition, Strata had spent £360,000 enhancing the capacity and stability of the datacentre and added a new customer contact centre. This has been funded via the annual capital contributions.

The report set out the draft Statement of Accounts showing the true financial position of the Company. Members were advised that the pension fund deficit was backed by the three authorities through the local government pension scheme. However, the figure had resulted in a private company questioning the ability to enter into lease agreements with Strata. This issue was being examined by the Director responsible for Finance.

Strata Joint Scrutiny Committee noted the report including the Pension Fund deficit.

(The meeting commenced at 5.30 pm and closed at 8.03 pm)

Chair

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# Strata Report

Joint Scrutiny Committee & Joint Executive Committee

- JSC Meeting - Monday 24<sup>th</sup> September 2018
- JEC Meeting – Tuesday 25<sup>th</sup> September 2018

Date Issued: 11<sup>th</sup> Sept 2018 v1.4

Period Covered: 22<sup>nd</sup> May 2018 until 11<sup>th</sup> Sept 2018

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## Strata Management Team

Name	Role	Email Address
Laurence Whitlock	IT Director	laurence.whitlock@strata.solutions
Adrian Smith	Head of Infrastructure & Support	adrian.smith@strata.solutions
David Sercombe	Head of Business Systems	david.sercombe@strata.solutions
Martin Millmow	Head of Document Centres	martin.millmow@strata.solutions
Robin Barlow	Head of Compliance & Security	robin.barlow@strata.solutions

## Purpose of the Strata Report

This Strata report is compiled for the JSC (Joint Scrutiny Committee) and JEC (Joint Executive Committee) in order to provide an update on the current operation and performance of the Strata organisation. It aims to outline and report on the core areas of discipline within Strata, identifying key activities, successes and areas for improvement.

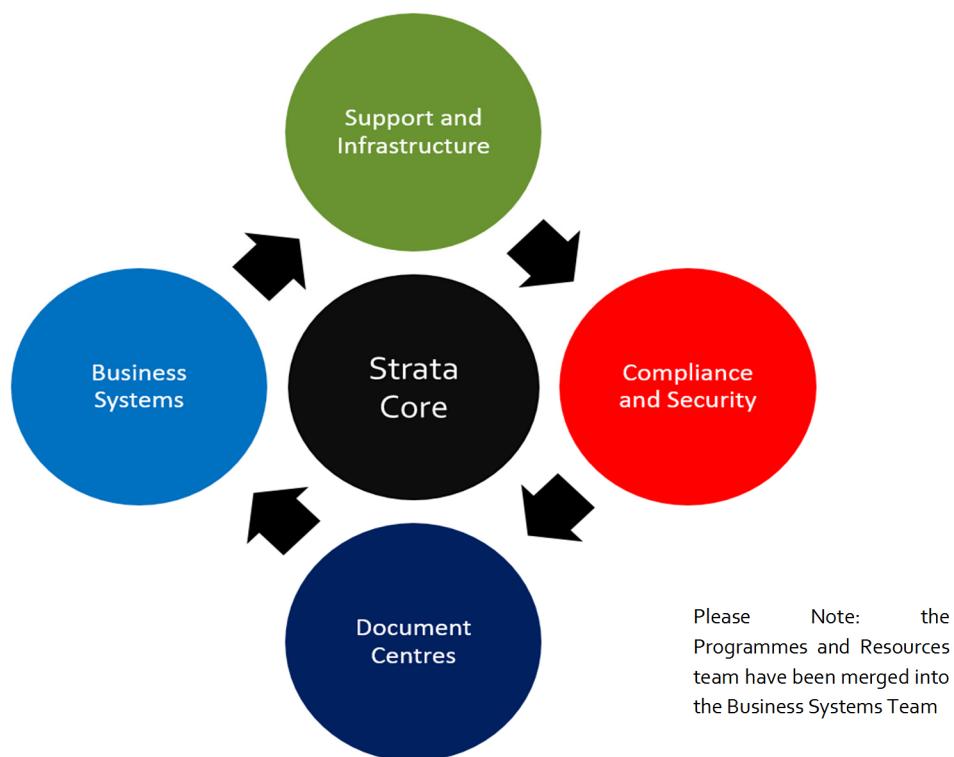
In this report, we have tried to demonstrate more clearly the work of Strata and examples of the progress Strata is making against the core objectives within the contract.

Those core objectives are:

- Cost Reduction
- Risk Reduction
- Increasing Capability for Change

The four core disciplines for Strata are defined as:

- Support and Infrastructure
- Compliance and Security
- Business Systems (including Business Intelligence Unit)
- Document Centres



## IT Director Quarterly Report

Since the last round of JSC and JEC committee meetings in May / June 2018, Strata have now moved firmly in the ***Transformational*** phase of their organisational development. The changes we made to the Service Desk in February 2018 has led to ***improvements*** both in the turnaround time for Incidents and in the Customer Satisfaction feedback received. The new 3<sup>rd</sup> line support team are performing well and the number of long standing problems (which tend to be of a complex nature) is reducing significantly. We are also now looking at introducing a new Service Desk management toolset which will greatly assist in the management of the Service Desk function along with gaining better knowledge and control of our collective assets.

During the month of July we commenced our phase 2 programme of delivering improvements to the Global Desktop environment to ensure that the platform continues to deliver the level of ***capability*** and ***capacity*** needed to support the authorities moving forward. This is a complex upgrade programme, but the Infrastructure team are focussed on completing this work by the end of September.

The Strata 'Out of Hours' (OOH) service continues to ***deliver good value for money*** and potentially serious service affecting issues are being picked up and resolved by the Out of Hours resource.

The Global Communications project at EDDC has now been completed and the old telephony platforms have been switched off. All EDDC users are now successfully migrated onto the new platform and the ***feedback received has been very positive***. The reporting capability of the new platform has been demonstrated to departmental heads and strategic decision making can now be made using real time and accurate information and data. The Housing Repairs and Revenues and Benefits team managers have commented on how much better informed they now feel about the operation of their individual departments and have identified areas where improvements can be made.

In relation to ***security and cyber-attacks***, we are pleased to report that the Security situation is under control, however, the level of attack is sustained at a high level, but we remain confident in the levels of protection we have employed to defend against such cyber-attacks, however, our advice is always to remain vigilant.

The new Business Change Request (BCR) process is now fully deployed and links well to the new approach of Strata which is based on a '***Customer Centric***' ethos. Rather than Strata deciding on workload priority, the ***overall prioritisation*** of work is now very much in the hands of the three authorities. Also, the new process enables a far better understanding of the 'business value' of the work

that Strata delivers. This enables the authorities to 'direct' Strata to work that delivers the most value/return, whether this be cashable benefits, efficiency improvements or customer service improvements.

Through the individual IRBs (IT Requirement Boards) and Project Review meetings and the quarterly Joint IT Steering group (JITSG), Strata feel ***much better informed*** on workload priorities and can now deliver in line with authority needs.

The work of the new ***Supplier Manager*** is delivering benefit and we now have a much more professional engagement model with 3<sup>rd</sup> parties. Suppliers have been categorised and the full scope of the services they deliver better understood. Through out the process, key suppliers have been identified and regular engagement (that is Strata / authority led) is taking place. The improvements made in this area are also enabling ***tighter control of 3<sup>rd</sup> party spend*** and a better understanding of the procurement and supplier 'lifecycle'.

The new Project Manager is nearing completion of the ***12 step project process*** and this is going to be released to the three authorities early in Q3. This process will enable projects to be delivered in a structured ***and consistent*** manner with Authorities, Strata and Supplier roles and responsibilities being clearly defined. The process will also ensure that consideration for compliance matters such as Data Protection Impact Assessment (DPIA) and GDPR is carried out as part of the project lifecycle and not left until the last minute.

We have also made ***great strides in live reporting*** on Service Incidents and Business Change Requests. No longer do we have to spend time at the end of each month gathering data and compiling reports. Through the work of the Business Systems team, real time access to KPI's (key performance indicators) is available via the Strata portal. Later in this report, we have provided some examples of the statistics which we have now been made available to all users across the three authorities. These reports also enable users to see when their Business Change Request work is scheduled for. This level of information has never been available previously.

These service reports, also enables Strata to view, at both a holistic and departmental level, where improvements have been made in response and fix time for incidents. Rather than basing our approach on levels of perception, we can now ***make decisions based on facts and real time data***.

Strata continues to ***closely monitor financial performance***, and currently we are pleased to report that we are ***on track to deliver the level of savings*** we committed to (£382k) at the beginning on the financial

year. Through the use of the PowerBI product, we can now better understand financial trends and with the financial diligence measures introduced in 2017 / 2018, we can now map spend for 2018 / 2019 more accurately. Overtime and Mileage is closely **monitored** and is well within the budgets we predicted.

**Staff morale remains high** and this is backed up by excellent figures shown in the annual HR People Data report that shows the level of sickness, grievances, staff turnover, etc. In 2017 / 2018, staff turnover **dropped by 47%**, and absence **dropped by 45%**. For the first time in three years there were **no formal grievances** logged.

In August, we enlisted a **freelance writer** (Dr Tim Gibson) to produce Strata@4, a whitepaper outlining the development of the Strata organisation over the last four years. This whitepaper will be released to councillors and officers at the three authorities in late October. As part of the drafting of the whitepaper, the writer interviewed a number of officers including the Chief Executives which has provided some **very valuable insight** into how each of the authorities see's Strata best supporting them in the years ahead.

In summary, Strata continues to deliver a '**good' level of service**' to the three authorities, Customer Satisfaction remains high and as a business we are well into the transformation stage. Our ethos of aligning ourselves to the needs of the three authorities is enabling a greater spirit of partnership to be developed, rather than a simple Supplier / Customer relationship.

Our new **Business Plan** to be formally released in Quarter 3 will suggest that we reset the objectives of the business with a move away from being focussed on Cost saving, to a model which is more customer centric and aligned to the priorities of the three authorities in supporting better interaction with their customers.

WE all in Strata pride ourselves on the service we deliver and continually aim for **service excellence**. As a business we feel that we are going from strength to strength and that we are able to attract high calibre staff to the organisation. However, we need to ensure that we maintain a 'great' environment in which staff can develop and prosper. Also an organisation that is structured in such a way to deliver against the ever changing needs and demands of the three partner authorities.

Should you have any questions about the contents of this report, then please do not hesitate to get in touch with me.

Best Regards

*L.W. Whitlock*

IT Director – Strata Solutions

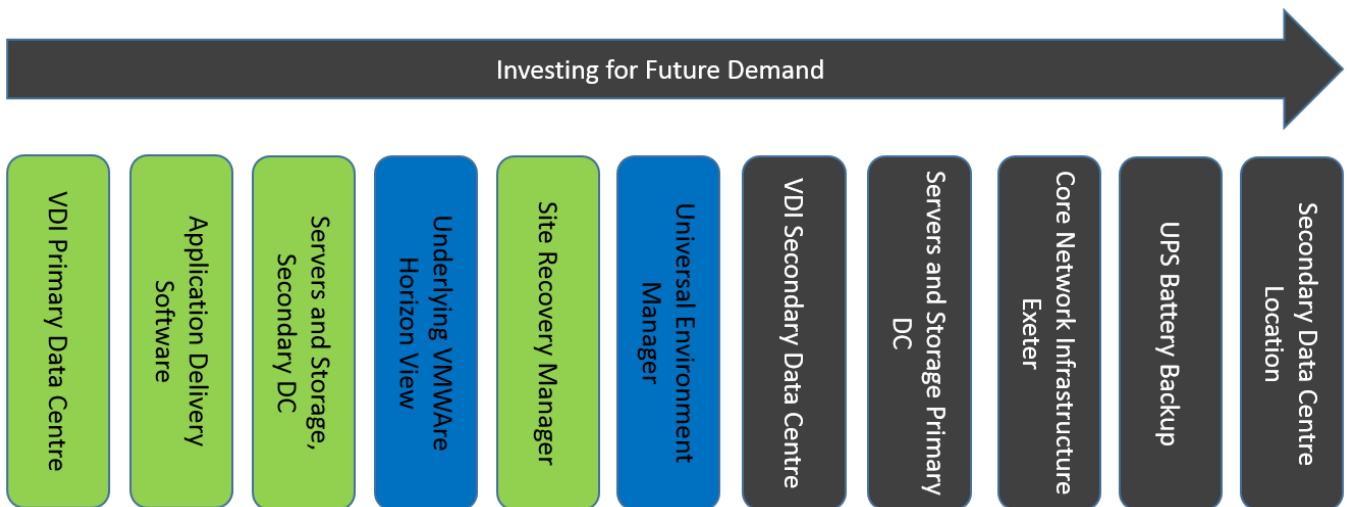
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## Strata Service Line - Update

### Support and Infrastructure Team Update – Adrian Smith

#### Global Desktop Improvement Programme

Continuing from the May JSC / JEC meetings, the planned infrastructure road map detailing 11 key stages to improving the performance, capacity and resilience of the Strata cloud has progressed well. The updated graphic below shows the 11 stage process.



The next phases (Blue) are now well under way, the servers and storage at the secondary site have now been upgraded, they have been tested and now available for use. We are now about to start migrating all of the Test and Development servers to the Oakwood Data Centre.

The first stage of the UEM Upgrade has been completed and is in testing, it is expected this will begin to roll out to users by the end of September 2018. Whilst the new version of UEM does not bring implied performance improvements, it does include more accurate and increased logging which will enable Strata staff to isolate key areas that are slow and problematic during login and resolve these.

We have consultants on site to begin the upgrade to the Underlying VMWare platform for both servers and desktops.

#### EDDC Server Migration

The last stage of the East Devon Server moves to Exeter Civic centre has now commenced. We now have only 15 servers left to migrate before we can begin the physical decommission of the site. The completion

of the migration work has now been set a hard deadline of October 1<sup>st</sup>, all remaining servers will be migrated by this point. This coincides with key relocation dates with the move to Blackdown House.

### **Global Communications roll out – EDDC**

Whilst the rollout is complete at EDDC the project has not yet been closed. We have just circulated our “Global Communication Improvement Program” to all staff, plus we have been running a handful of supervisor and report training courses for those that need it. We expect these courses to continue for a couple more months. We have also now brought on board Camperdown and East Devon Business Centre offices, so for the first time these key offices are connected to all other EDDC staff.

### **Global Communications Roll Out - ECC**

The team has now moved to Exeter City Council and work is well underway on the ‘Discovery’ phase. We are working hard to understand how the system is currently working (and indeed how it currently isn’t working...) so we can then design in the new solution around the needs of the business. We are anticipating ECC to be the most complex site to migrate due to the age of the current system and the ‘unique’ way everything is integrated together, but recent failures have highlighted the need to migrate everybody away from the platform as soon as possible. We have found records that suggest the Civic Centre phone system was installed back in 1987 (and last received a major update in 1997), so to say this solution is past its best is a massive understatement!

We have also been working with SMB and our client lead, Bruce Luxton, to agree several standards for Skype for Business which we can then use during the Migration phase.

From an infrastructure perspective we are almost ready in Exeter, and are just waiting on the big SIP migration that is currently scheduled for early in September. This will then allow us to begin bringing numbers into Skype for Business, which we’re aiming to begin in the autumn.

### **Global Communications Roll Out – TDC**

The technology is nearly in place, with just a few changes from Mitel to complete. We have completed these tasks early in the schedule to try and reduce ‘downtime’ following the competition at Exeter Council. We are anticipating migrations to begin in 2019.

## **Customer Service Plan**

We have just released the latest version of the Customer Service Plan (emailed link to all users and document available on the Strata portal). This document details the Strata support process and how users can escalate issues and how the Major Incident process and Out of Hours service works.

This document also provides details of the Strata Service Level Agreement for incident resolution and the associated incident priority levels.

## **Outages**

Unfortunately over the last three months we have had four outages that were classed as Major Incidents (MI's) and we have issued the appropriate Reason for Outages (RFO) reports to the Strata Client Leads at all sites.

Outage Summary:

1. **Network Failure @ Exmouth Town Hall** – Ongoing investigation with Virgin & BT.
  2. **Strata Network Failure** – Error by a 3<sup>rd</sup> party during an upgrade caused a 4 minute failure of the network, which then had follow on impact with other systems.
  3. **Desktop Application Failure** – This was a server issue, identified and resolved Out of Hours.
  4. **Strata Network Failure** – Confirmed fault unknown, detailed investigation underway to establish the reason. Suspected underlying configuration issue with the Strata to ECC link causing the issue.
- .

## **Compliance and Security Team – *Robin Barlow***

### **Security position**

The security positon remains at a high level of alert with continuing threats, which mostly come through the email systems. In particular we are defending against a severe email campaign called **Emotet**, which has both UK and US advisories government advisories in force. We also are focussed on a fraudulent campaign attempting to black mail individuals with pictures taken by a supposed webcam of the user. The Strata approach of blocking all active attachments continues to be a strong form of defence, however, we also have other techniques that are shared with the Government CiSP group.

### **PSN Coco**

Work continues on the vulnerabilities identified in the ITHC (IT Health Check), which is a primary focus of Strata. There is still a challenge to complete this work, some of it being complicated by the complexities of the Microsoft patching and the scanning system which doesn't always recognise when a fix is applied.

### **LGA Cyber Survey**

As part of a potential future funding initiative, Strata co-ordinated the separate completions of each Council's survey. These were large surveys which will hopefully across the sector show that additional funding is needed given the proliferation of Cyber-attacks.

### **GDPR / DP Act 2018**

Strata facilitated the three council iTrent DPIA (Data Privacy Impact Assessments) which was a real success. DPIAs for Docmail and Gov.UK Notify have also been completed, which are smaller support systems (remote print/postal and text messaging), and these DPIA's can support a wider DPIA.

IEG4 DPIAs were signed off, and will require a Security Penetration test, however we now have a good contact in Leeds Council, who has shared their Penetration test which was encouraging. We are also assisting in the DPIA for ModernGov for all threes councils.

The data sharing agreements between the Councils (Data controller) and Strata (Data Processor), and Strata (Controller) and the Councils (Processors) may need more focus from the councils. TDC have also

identified a potential Data Sharing agreement for the use of Firmstep, however the process to modify this needs to be clarified with a meeting now being arranged between the three council legal representatives

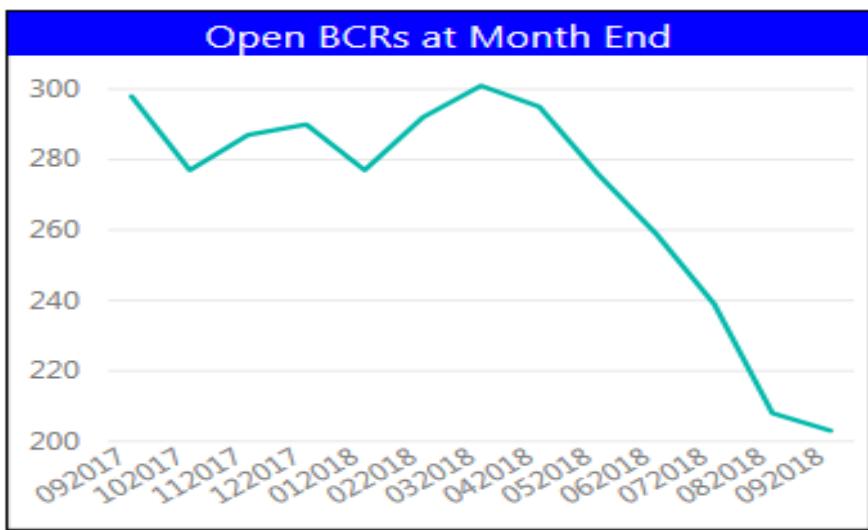
### **Systems availability**

The number of outages is remaining very consistent now, and sits just below 20 per month. Very few of these are repeat issues when looking over the mid-term however within a particular month there may be a repetition until the underlying cause can be determined and mitigated against.

All incidents are reviewed on a monthly basis for trends.

## **Business Systems Team – David Sercombe**

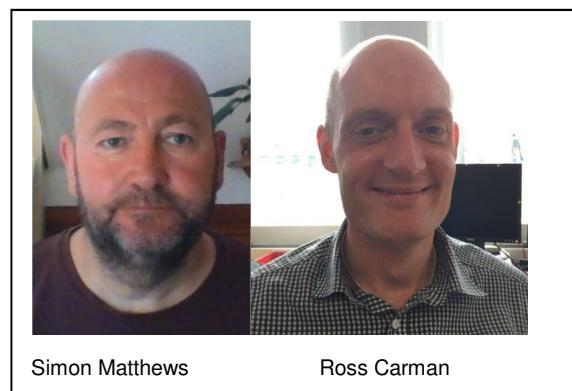
The new Business Change Request process has been active for several months now and is working well, with the IRB's being more proactive in reviewing the requested changes and prioritising the work for



Strata to schedule based on business benefits. As a consequence the number of outstanding BCRs has dropped from a 12 month high of 300 in March 2017 to an all-time low of just over 200 in September 2018. A massive 33% reduction in outstanding Business Change Requests.

This new process is being monitored by new reporting software. Strata has now introduced Power BI, a tool from Microsoft which allows real time data to be available, not only to Strata but to all staff across the authorities. Links to the reporting Dashboards can be found on the Strata Portal.

The Business Systems team have successfully recruited two new members to join the Finance team as it was highlighted in the last JEC / JSC report that the Finance team required more staff to cope with the demand across the three authorities. Simon Matthews started on 6th August and Ross Carman started on 3rd September, both join us with a wealth of system development experience.



Strata are also looking to employ a Data Analyst into the Business Intelligence team. This role will work closely with the authorities to understand their corporate reporting requirements then leverage their significant data holdings to provide Business Insight and Management Intelligence. The main reporting tool will be Power BI which will allow staff within the authorities to produce and publish their own

management reports. This post is currently being Job Evaluated and is expected to be in place by the end of 2018, however work is already starting within the 3 authorities to understand reporting requirements.

The projects process is working well. We are producing a formalised document on managing the process which will be circulated to IRBs ahead of formally adopting it. We are using the process to manage the Car Parks convergence project which is proving very successful and has received positive feedback from the project team.

## **Document Centre Team – Martin Millmow**

### **New Document Centre Team Leader**

A new Document Centres Team Leader has been appointed, Rob Larcombe joined us in early July and has initially been based at EDDC while he establishes himself in the role. His early priorities include preparation for the relocation of the East Devon Document Centre and planning how services will operate during the transition phase of the relocation when both sites are operating. He will also spend time looking at various processes and procedures with the objective of improving our overall efficiency and to increase robustness within the operation. The outcome of this work is expected to result in changes to current working practices.

### **High Capacity Printers for EDDC and Printers for Manstone and Camperdown**

Three of the large high capacity Ricoh printers have been installed in Knowle. Two are now being used by the Revs and Bens teams on a daily basis, the third device is ready for testing printing from applications and training EDDC staff from other departments on the new FollowMe printing system. During the next few weeks the Printer driver for the 'FollowMe' printing will be installed for all users and new HFX ID cards will be issued so that staff have the key elements required to access print in the new building. Training will be booked with Departments once the Cards have been issued.

The balance of the new devices for Honiton are provisionally booked for delivery by Ricoh during the W/C 17th Dec 2018.

New printers have been order for the refurbished Manstone depot and for the Camperdown offices, they too will operate using the FollowMe print setup being rolled out.

Once the final devices are installed in the EDDC Honiton office all devices will be connected to a single centralised reporting system that will enable various reports to be produced including, printing volumes overall, by location, by individual, Colour vs Mono and information on savings made.

## **Printing from mobile devices**

The software solution from Ricoh to enable printing from mobile device has been through an initial trial and testing period and is now being rolled out to make it available on all the 'FollowMe' device across the three Councils.

## **Scanning of Old Files**

Work at EDDC to clear the basement of the old Benefits files has continued through August and onwards into September, the total quantity of files numbered reached just over 30,000. The next phase of the work, to check each claim against various databases to establish the claims status is around one third completed. Once the claim status is established, the file is marked for either, disposal, retention or scanning. Those now marked for disposal will be collected and destroyed via confidential waste system early next year, those for retention are being boxed and labelled as they are identified and those for scanning are also being removed and made ready for scanning.

The Building Control files were collected from the Knowle offices and are being scanned and the digital files returned to EDDC for loading into the EDMS system.

## **Strata Design Service**

The Strata Design Service have been working on signage for inside the new EDDC offices in Honiton, the Housing magazine, marketing and branding material for Countryside and various signs for installation around East Devon beaches. The Design team were actively involved in the signage of the Queens Drive space and in the creation of branding for the very successful 'Gate to Plate' event in Honiton.



## **Supplier Management – Andrew Woodhouse**

After much cross referencing of data on our contact management database, Finance systems and Services each council run, current figures show that Strata actively engage on a regular basis with around 195 suppliers who deliver systems, products (Hardware or Software) or services to either one or more of our three Councils or directly to Strata. This is a ***much reduced from the original list of 400+ suppliers.***

However with so many suppliers, it is inevitable that staff and contact information can change many times within a 12 month timescale, and for us to deliver timely resolution of issues and manage KPI's with the Account managers, it is vital for us to keep these ***records up to date and accurate.*** To this end we are already in the process of communicating with the first half of the supplier database informing them of our Supplier Managers contact details as well as a reminder that Strata are not "your normal commercial business" with some detail on the background of how and why Strata was formed to reduce costs, reduce risks and increase the capability and capacity to deliver transformation via IT.

The letter also contains a form for them to complete, requesting the latest contact information, checking business information, ***relevant accreditations and contractor*** information if their staff visit our sites, as well as Support Desk information and escalation routes if issues need to be raised higher for speedier resolution.

We are making good progress with the classification of our suppliers with critical contract values, start and end dates being added to many of the records, but this is and always will be an ongoing task.

As we move forward with our supplier management strategy, we are also undertaking a classification of each of our suppliers, and this classification will be logged in the supplier database. The categories are:

<b><i>Strata Supplier Categories</i></b>			
<b>Core</b>	<b>Strategic</b>	<b>Business</b>	<b>Opportunity</b>
Core Suppliers: critical to the delivery of Strata / Council services  Software or hardware that supports or adds to a system but is not a core product or system in itself.	Strategic Suppliers: central to the delivery of Strata / Council services  Software or hardware that supports or adds to a system but is not a core product or system in itself.	Business Suppliers: useful but not central to the delivery of services  Consumables and one off purchases. Could be provided by any one of many businesses.	New / Prospective Suppliers:  Strata identify or are approached by future suppliers whose offerings are in line with Strata's Business plans.

Each supplier will be reviewed and allocated a Supplier category from which the amount of engagement will also be calculated, i.e. Core suppliers will have Quarterly review meetings, whereas we would only meet with a Business supplier once a year.

We will also be monitoring our suppliers from a risk perspective and this would sit alongside the categorisation. This is useful, as it helps us understand our dependency on each supplier / supplier's product. For example, it would be possible to have a High Risk Strategic supplier or a Low Risk Core supplier, but it's essential that we understand this information in order that we can better manage the account and relationship. Any supplier that shows as High risk will automatically be added to the newly created Supplier risk register.

Going forward, for those suppliers who we don't meet with on a regular basis, because of the categorisation we have assigned them, we will be asking for and checking this information on an annual basis.

All of the previously identified paper ***contracts have been scanned and filed centrally*** within the new Supplier Information area and as a result our Supplier Manager's knowledge base is growing well.

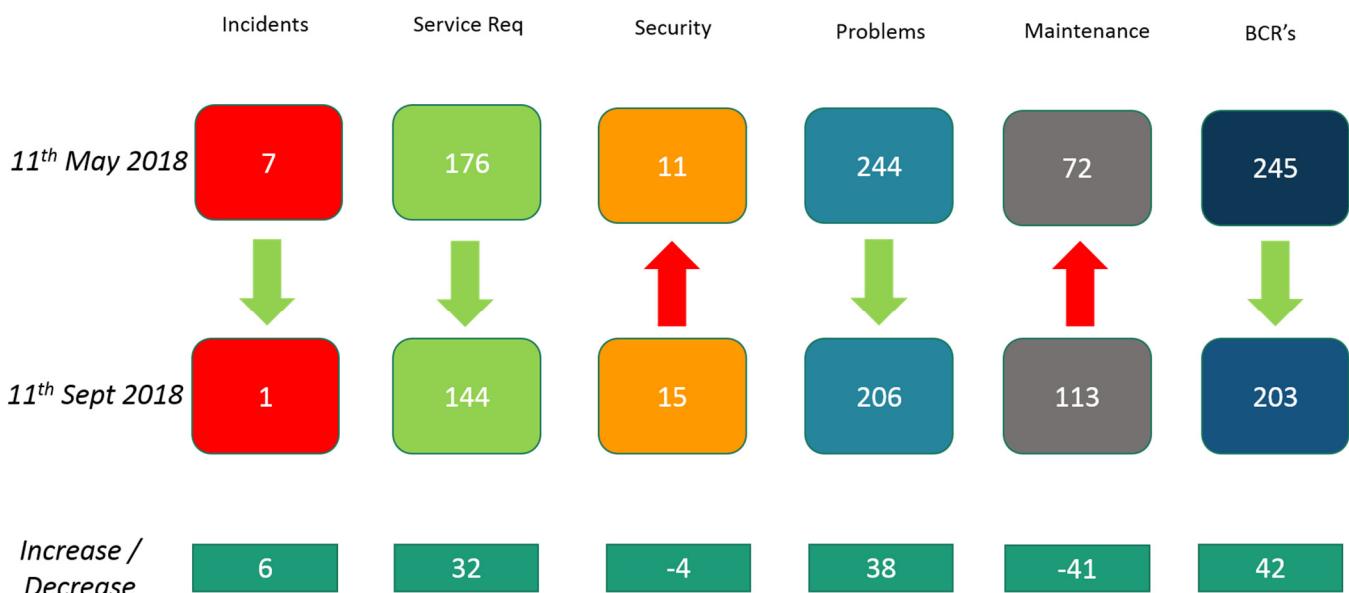
A final gap analysis will be undertaken over the following weeks to ensure that there are no gaps in contracts or contract information that are critical to our delivery of services for our councils.

## Strata Key Performance Indicators

In order to better understand the workloads across the Strata Business Systems team, we monitor our services against a set of performance indicators. Whilst not perfect, these KPI's do provide us with a good indication as to how the Strata service is performing.

On 31<sup>st</sup> August 2018, we took a snapshot of the key metrics and mapped it against the KPI's captured just in advance of the last JEC meeting in May 2018. The graphic below shows this comparison.

There is a pleasing downturn in service incident, problems, service requests and BCR's, but the maintenance workload has increased and this is down to the high level of 3<sup>rd</sup> party software patches which need to be applied to the server environment.



All in all, the above figures paint a positive picture of Strata and how we meet with the business as usual requirements and challenges of the three authorities on a day to day basis. However, it should be stated that the workload levels across all of the Strata service lines remain very high, and demand for Strata services does not seem to be abating. A considerable amount of the work on Security and Maintenance is related to PSN and Server Migration projects.

The introduction of a new Service Desk Management toolset (due March 2019), will greatly improve Strata's ability to manage the 'day to day' interaction with end users and to provide an improved level of visibility of the incident metrics. It will also enable greater self-serve functionality to end users.

## Strata Customer Satisfaction Statistics

This measure is available from the Call Logging system by sending a customer satisfaction email when each job logged has been completed. Customers have an option to complete and send responses to closed calls indicating Positive, Neutral or Negative feedback through selection of a corresponding 'smilie'.

In August, 2018 we received 359 responses (97.21% positive) to the customer satisfaction survey, this was made up of 349 positive responses, 6 neutral responses and 4 negative responses. This equates to the following satisfaction percentages:

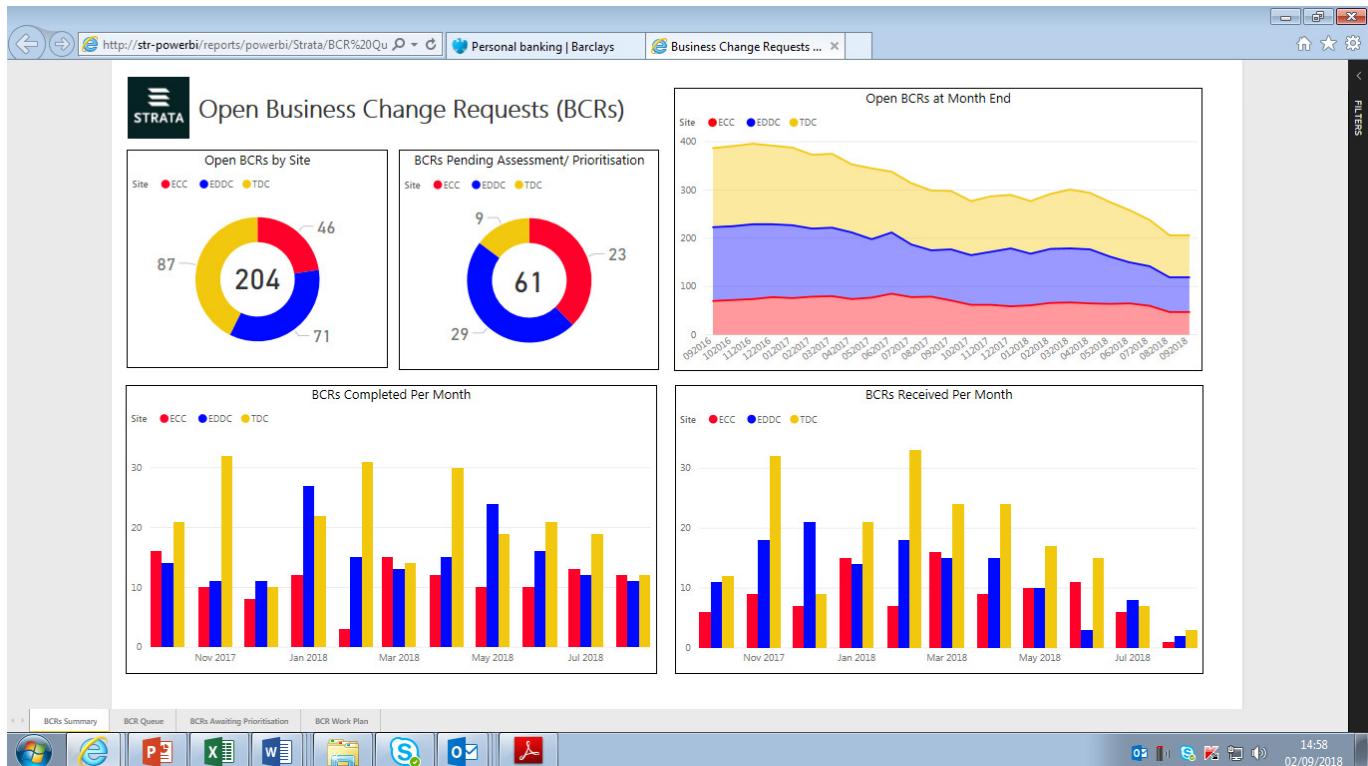
Response Category	Responses Received	Percentage
Positive	359	97.21%
Neutral	6	1.67%
Negative	4	1.11%



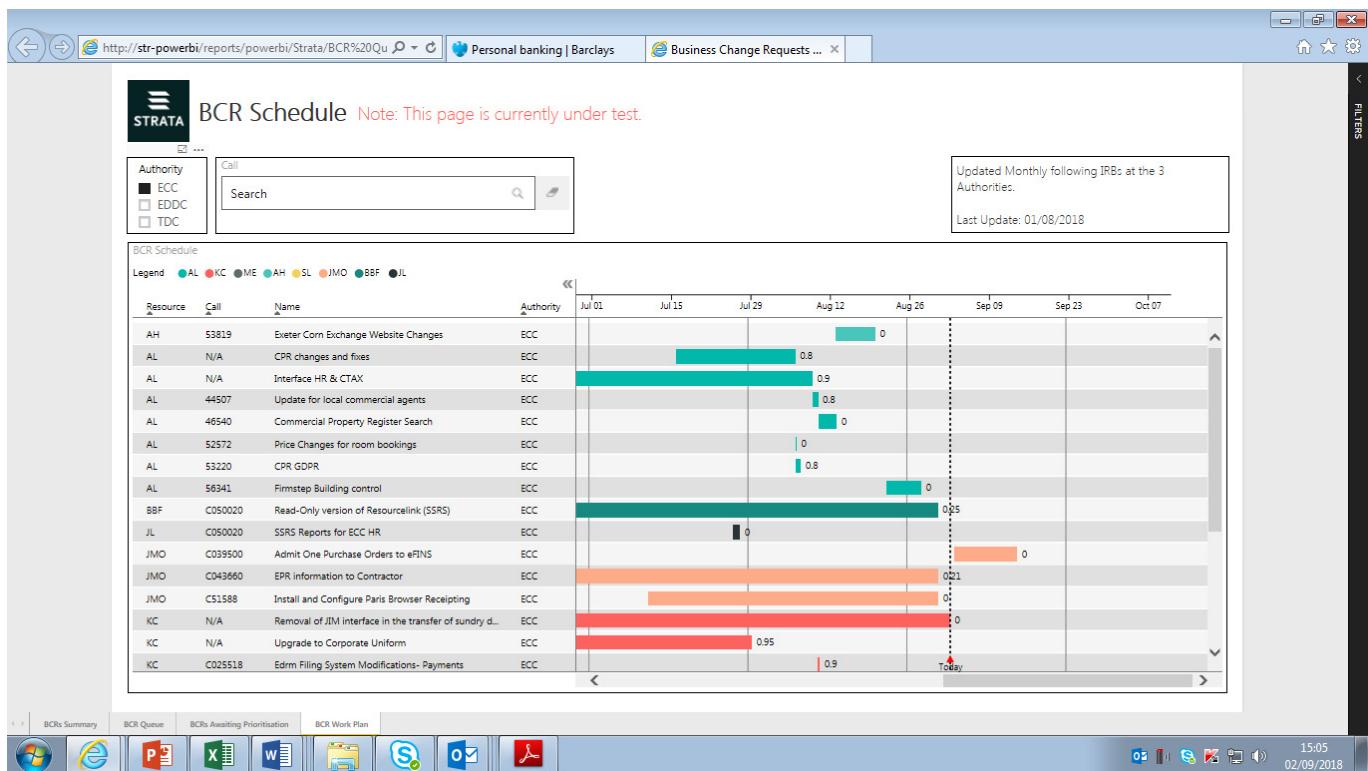
Responses are monitored and any neutral or negative replies are followed up to identify areas for improvement or learning points for consideration. Feedback is shared with the Strata teams, the JEC and the JSC to assist with overall service improvement programme.

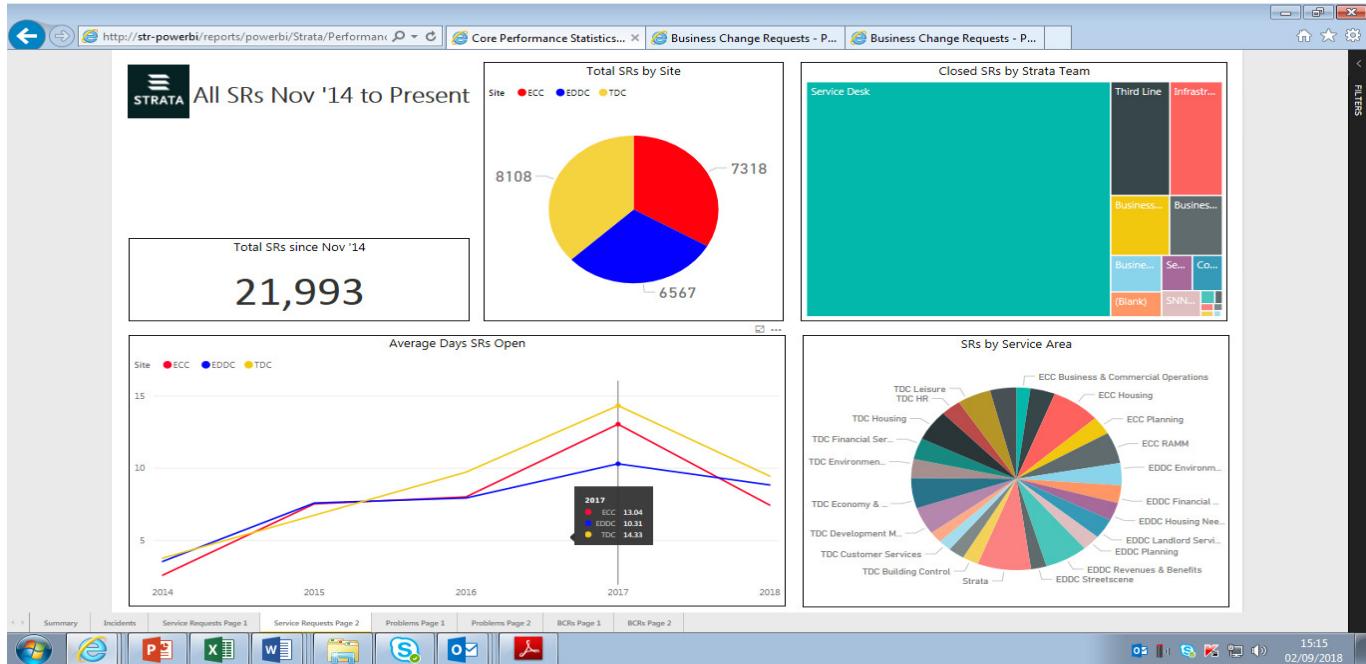
## Strata Service Performance Indicators

The following graphic shows the BCR queue and demonstrates how the queue has reduced month on month.

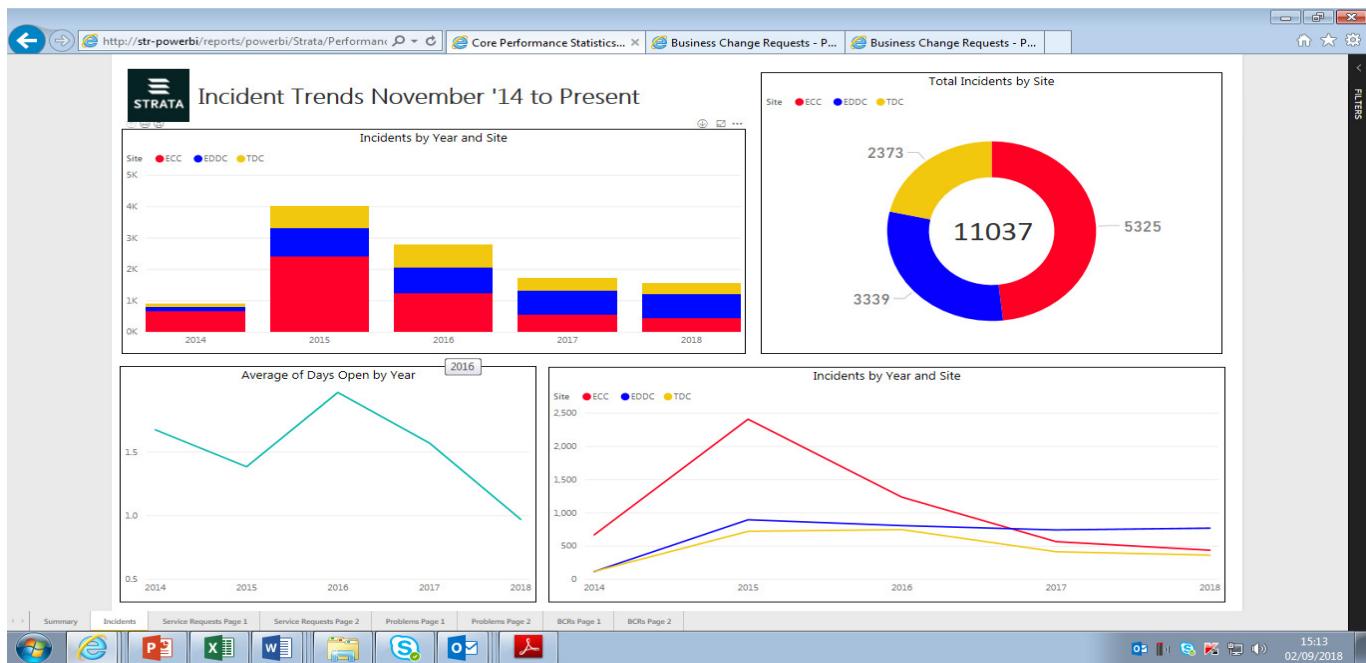


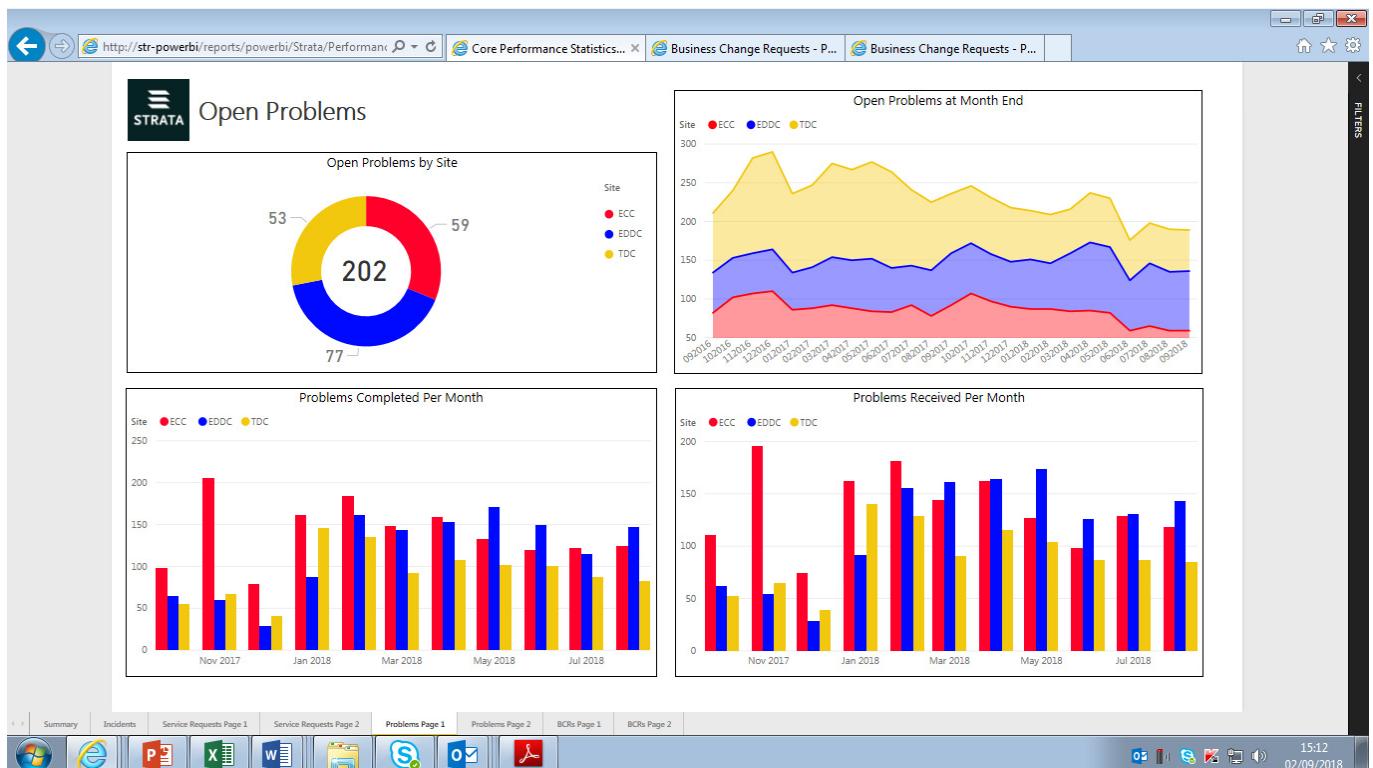
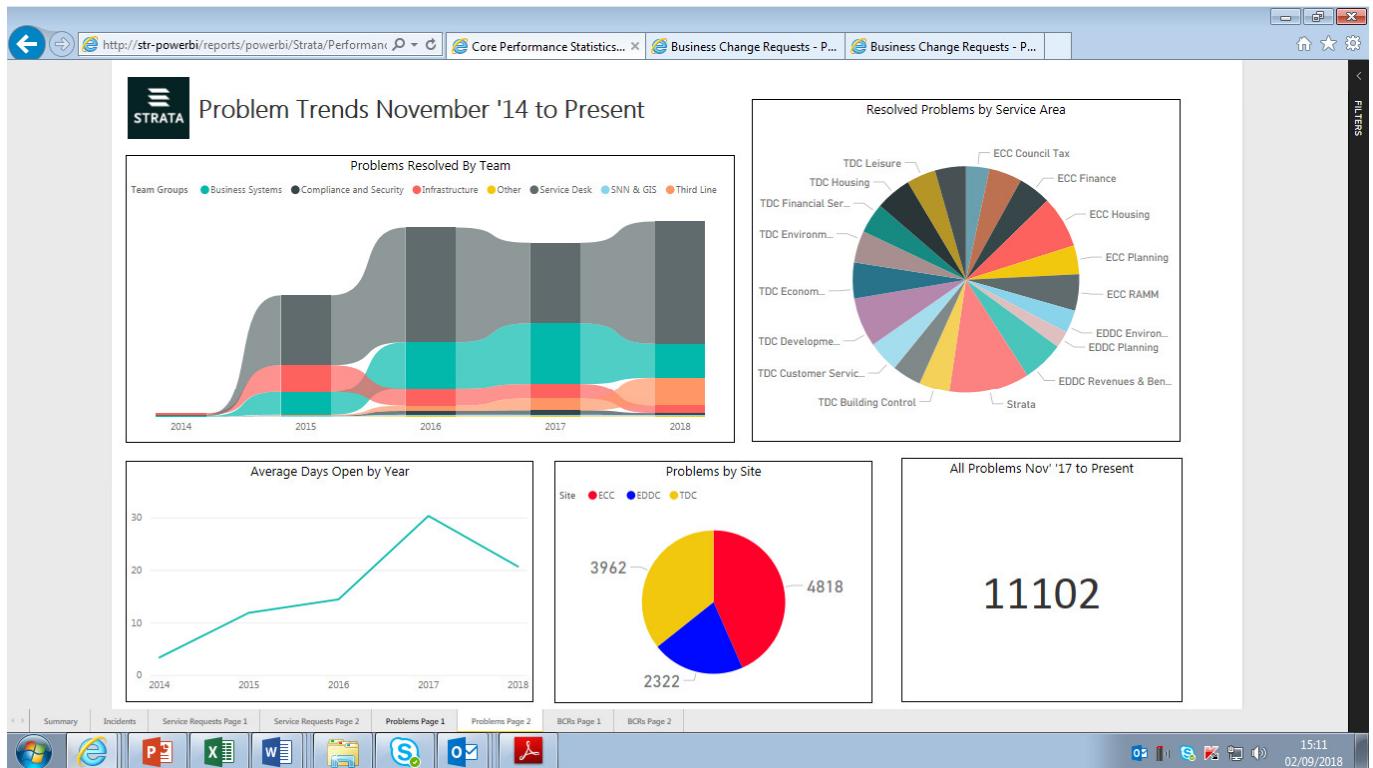
The following graphic shows the real time BCR workplan which can be displayed by individual authority





The above graphic shows the number of Service Requests which Strata have received, broken down by authority / department.





## Strata Projects Update

### Ongoing Main Corporate Projects

A summary of the progress with the main corporate projects can be seen below:

Exeter City Council	RISK	<b><i>HR and Payroll</i></b>  The system was made Live during April, and all processing for the April pay run was made from the new system. Approximately 70% of payslips were sent electronically, and Employee Self Service was also made Live to allow people to access their details and payslips online.
	TIME	Phase 2 has now commenced. Chris Crook will be managing the project. A draft project plan has been created and shared with the project team. The next deliverable is web recruitment. This has now been installed and Strata are working with Midland HR to resolve some final issues with the installation.
	BUDGET	
Exeter City Council	RISK	<b><i>Uniform – Environmental Health</i></b>  This project had stalled following a presentation of the software. Simon Lane raised some concerns and Strata are currently working with Simon to address these.  - Legacy software will need to be supported for another year. This will cost the authorities ~ £17,000 - EH is a pilot service area for the Exeter Transformational project which means that a decision will be required ASAP as to the adoption or not of Uniform for EH. - The current version of M3 (the EH system) is old and needs upgrading. This is a significant piece of work, which will take both Strata and service area resource.
	TIME	
	BUDGET	
Exeter City Council	RISK	<b><i>Firmstep</i></b>  Several updates to the system have been made this month including:  • Better integration with the finance system

	TIME	<ul style="list-style-type: none"> <li>Bin Deliveries is now live</li> </ul> <p>We are continuing to engage Firmstep to introduce the Single Sign On and MyAccounts functionality.</p>
Teignbridge District Council	RISK	<p><i>Firmstep/ OneTeignbridge</i></p> <p>Project progressing well, with the first set of processes due to go live on 19<sup>th</sup> September with the final Waste processes to go live on 26<sup>th</sup> September. Work is already underway on the second phase of processes for Environmental Health.</p>
Teignbridge District Council	TIME	<p>Following an extensive period of discussion both within the authority and with external suppliers, a decision has been reached on the implementation of Single Sign On. Strata have now instructed the supplier to begin the development of it.</p>
	BUDGET	<p>Full detailed project update can be obtained from the Teignbridge Project Manager for this project.</p>
Teignbridge District Council	RISK	<p><i>HR and Payroll</i></p> <p>Things are now progressing with this project with Go live for Payroll and core HR expected in November subject to successful testing.</p>
	TIME	<p>Some onsite consultancy is being arranged to get advice from the supplier on the next steps required.</p>
	BUDGET	<p>TDC have appointed Liz Gingell as the project manager. Liz will be reporting into the Transformational Board on a regular basis.</p>

Teignbridge District Council	RISK	<b>Garden Waste</b> Testing has gone well. A new admin screen has been developed to provide more self service capabilities for the Forde Road depot staff and reduce the reliance on Strata.
	TIME	There was a very smooth transition to the 18/19 subscription period, with over 20,000 subscriptions renewed including over 500 new subscriptions.
	BUDGET	
Teignbridge District Council	RISK	<b>Qmatic/ Reception Management</b>  Phase one of QMatic is now live and is being successfully used within Reception. There are a couple of teething issues with the ipads but they are being worked on with the supplier.
	TIME	Work is now beginning on Phase 2 which is "Self Announcement" for customers who have internal meetings with council officers. Customers will be able to let the officer know they have arrived, without having to queue at reception. Detailed requirements gathering and understanding the user journey will begin shortly.
	BUDGET	
Teignbridge District Council	RISK	<b>ModernGov</b>  This project is now progressing. Sarah Selway from Exeter is working closely with Democratic Services in Teignbridge to deliver the project.
	TIME	Simon Matthews from Strata has been appointed as the Analyst helping to implement this.
	BUDGET	
Teignbridge District Council	RISK	<b>Granicus</b>  The Granicus (Formerly Gov Delivery) project is being commenced again. The concerns over GDPR have now been addressed. Emma Pearcy is leading this and is being supported by Strata should any technical requirements be needed.
	TIME	

	BUDGET	
East Devon District Council	RISK	<p><b>Garden Waste</b></p> <p>Project has progressed well. Over 8,000 customers have now signed up.</p>
	TIME	<p>The forms for missed bins and the website has been updated to include Garden Waste bins</p>
	BUDGET	<p>Implementing a renewals process will begin in November</p>
East Devon District Council	RISK	<p><b>Honiton HQ</b></p> <p>Strata continue to support the new EDDC HQ build in Honiton, regular site meetings are being held with the contractor to ensure that key projects milestones are being met.</p>
	TIME	<p>AV procurement underway but delayed. Awaiting finalised spec from EDDC before formal proposal can be returned. Once complete a design freeze will be back in place and instruction sent to contractor. AV design needs to be finalised as a matter of urgency and the design freeze put in place. The addition, if agreed, of the screen on the top table will likely delay things further as there will be required power, relay cabling and containment to make this happen.</p>
	BUDGET	<p>MPLS procurement also underway. Main line install currently due 19th September 2018</p> <p>BT 4* PSTN Line install booked for 12th September</p> <p>CVS upgrade to spec sent out for costing including relocation</p> <p>Revised Dates have been sent to the Door Access contractor – HFX to programme the necessary works.</p>
East Devon District Council / Exeter City Council	RISK	<b>Global Communications</b>

	TIME	The old telephony system in EDDC has now been switched off with all Staff in the Knowle transferred to the new Skype For Business system.
	BUDGET	The migration planning for ECC is progressing, and good support has been received from the ECC Chief Executive. This is a complex move due to the nature of existing telephony at ECC. The migration to SIP is planned for late September 2018.
Teignbridge District Council / East Devon District Council	RISK	<p><b>Car park Convergence</b></p> <p>The procurement exercise for the Car park system has been completed and the new supplier appointed. The initial kick off meeting was held with all parties on 6<sup>th</sup> September.</p>
	TIME	Work will now rapidly commence on the implementation of the new system.
	BUDGET	

## Key

MEASURE	RISK	TIME	BUDGET
GREEN	Project not subject to any serious risks that would leave the delivery compromised	Project is on track to be delivered in line with the original business case	Project is on track to be delivered to budget and in line with original business case
AMBER	There are identified risks that if not mitigated against could lead to the delivery of the project being compromised	There is a possibility that the project will not be delivered in line with the timeframe defined in the original business case	There is a possibility that the project will not be delivered to the budget as defined in the original business case.
RED	There are a number of risks which will lead to the project not being delivered in the required timeframe	The project will not be delivered in line with the time frame defined in the original business case	The project will not be delivered to the budget defined in the original business case

## **Training Needs Analysis**

Following the last round of JSC and JEC meetings, the subject of IT training needs was discussed in detail. As a result of the JEC held in early June 2018, Strata were asked to engage a 3<sup>rd</sup> party to provide a more in-depth analysis of the perceived training needs across the three authorities.

The output of this in-depth analysis can be found in the report labelled, IT Training Needs Analysis Study.

A decision is required as to whether the JEC and JSC wish to invest the stated amounts of monies in the proposed training programme.

## **Summary**

Strata continues to ***perform well and in line with expectations*** whilst demand for Strata provisioned services increases. Staff work well and are motivated and understand their individual roles and responsibilities. The regular 'Town Meetings' enable Strata management to keep staff informed and on message. Strata regular social functions are well attended and staff value the business they work for. Vacancies are rapidly filled with highly skilled individuals and the apprenticeship scheme continues to deliver an excellent programme for college students.

Core 'Business As Usual' functions, which account for circa 85% of Strata capacity, is delivering a high quality service and borne out by the monthly customer satisfaction survey results (consistently higher than 95%).

There are still elements within the authorities who do not appear to have yet brought into the Strata model, but it is hoped that the forthcoming ***Strata @4 whitepaper*** can help users and councillors more fully understand the purpose of Strata and the high level of work that Strata has delivered over the last four years.

The proposed investment in a new Service Desk toolset will greatly enhance Strata's ability to manage the 'day to day' interface into the three authorities and enable a far superior level of reporting and asset management.

The training needs analysis investigation performed by 'Degrees of Separation' has indicated that investment is needed ***to improve the level of IT skills*** across the three authorities in order that real value can be derived from the investment that has been made in technology to date.

As we move forward with the development of the new Business Plan, we are ***very confident*** in our ability to not only deliver a ***high quality service*** which meets with the ***ever changing demands*** of the three authorities, but also to deliver the process to align us against the ***priorities defined within authorities strategic plans.***

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## STRATA JOINT SCRUTINY COMMITTEE STRATA JOINT EXECUTIVE COMMITTEE

**DATE OF MEETING:** **24 SEPTEMBER 2018**  
**25 SEPTEMBER 2018**

**PUBLICATION DATE:** **11 SEPTEMBER 2018**

**REPORT OF:** **STRATA BOARD**

**SUBJECT:** **STRATA BUDGET MONITORING Q1 - 2018/19**

### **1. PURPOSE**

- 1.1 This report advises on the financial progress of Strata during the first three months of 2018-19, including a projected outturn assessment against the savings set out in the Business Plan.

### **2. BACKGROUND**

- 2.1 The Company has been given a total of £6.504 million to run the IT Services in 2018/19 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 2018**

##### **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)	<b>30,098</b>
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	<b>(80,000)</b>
2017-18	Year 3	(358,222)	(252,836)	(565,000)	<b>(312,164)</b>
2018-19	Year 4	(459,609)	(381,961)		
2019-20	Year 5	(129,300)	(593,653)		
2020-21	Year 6	867,962	(698,293)		
2021-22	Year 7	(138,000)	(773,626)		
2022-23	Year 8	(9,884)	(767,313)		
2023-24	Year 9	(196,902)	(789,680)		
2024-25	Year 10	(374,300)	(824,040)		
Total		<b>(1,554,709)</b>	<b>(5,363,500)</b>	<b>(897,000)</b>	<b>(362,066)</b>

\* 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 £420,000 of revenue savings for the Councils in 2018-19 (Appendix A). The key variations are set out below:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	95,425	<ul style="list-style-type: none"> <li>Additional expenditure for Council specific projects covered by additional income.</li> </ul>
Supplies & Services	(40,474)	<ul style="list-style-type: none"> <li>Based on previous years. Expenditure is slightly below forecast.</li> </ul>
Income - Revenue	(96,385)	<ul style="list-style-type: none"> <li>Additional income for staff.</li> </ul>
Transport	6,192	<ul style="list-style-type: none"> <li>Based on current trends transport costs will be slightly over budget.</li> </ul>
Investment interest / Tax	(4,700) net	<ul style="list-style-type: none"> <li>Higher interest rates and higher cash balances have increased interest expectations.</li> </ul>

At the three month stage the Board is projecting a saving of £421,903 against the original target of £381,960.

### **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 £110,785 to be invoiced.

### **3.5 Final Audited Statement of Accounts 2017/18**

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 2018 was appropriate at £565,000.

## **RECOMMENDATIONS**

**That the Joint Scrutiny Committee notes the contents of the report.**

<b>Dave Hodgson</b> <b>Director (Finance Lead)</b>	<b>Contact details</b> Tel: 01392 265292 E-mail: <a href="mailto:david.hodgson@exeter.gov.uk">david.hodgson@exeter.gov.uk</a>
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**BUDGET MONITORING**  
30 JUNE 2018

STRATA SERVICE SOLUTIONS - REVENUE BUDGET				
	REVENUE BUDGET	ACTUAL & COMMITMENTS	OUTTURN	VARIANCE
	£	£	£	£
EMPLOYEES	2,609,940	659,682	2,705,365	95,425
PREMISES	0	0	0	0
SUPPLIES & SERVICES	3,425,370	1,805,853	3,384,896	(40,474)
TRANSPORT	30,250	9,110	36,442	6,192
SUPPORT SERVICES	60,000	60,000	60,000	0
TAX ON INTEREST	850	361	1,900	1,050
INCOME - REVENUE	850	(1,700,899)	(6,600,505)	(96,385)
INVESTMENT INTEREST	(4,250)	(1,900)	(10,000)	(5,750)
<b>Net Income</b>	<b>(381,960)</b>	<b>832,207</b>	<b>(421,903)</b>	<b>(39,943)</b>

CAPITAL PROJECTS				
	CAPITAL BUDGET	ACTUAL & COMMITMENTS	OUTTURN	BUDGET REMAINING
	£	£	£	£
DATA CENTRE / DR - INFRASTRUCTURE including:				
WAN				
AD & EXCHANGE				
DATA CENTRE - HARDWARE	113,200	183,215	183,215	70,015
DATA CENTRE - SOFTWARE	860,000	951,050	951,050	91,050
SERVICE DESK	2,000	0	0	(2,000)
Telecoms (incl contact centre)	268,623	182,535	182,535	(86,088)
SECURITY	87,150	56,850	56,850	(30,300)
Capital Funds	(1,883,996)	(2,415,266)	(2,415,266)	(531,270)
	<b>0</b>	<b>(86,088)</b>	<b>(86,088)</b>	<b>(86,088)</b>
Voice Activated Directory	44,800	42,812	42,812	(1,988)
IDOX	170,687	192,351	192,351	21,664
Public-I TDC AV Equipment	124,750	104,424	104,424	(20,326)
BARTEC - TDC	77,175	77,175	77,175	0
Guildhall Wi-fi	17,000	15,005	15,005	(1,995)
E-Fin upgrade (ECC)	100,000	79,942	79,942	(20,058)
E-Fin upgrade (EDDC)	22,000	26,545	26,545	4,545
ECC - Firmstep	205,000	114,280	114,280	(90,720)
iTrent	186,000	88,248	88,248	(97,752)
EDDC Housing Management System	158,960	56,635	56,635	(102,326)
ECC Housing Management System	175,000	175,096	175,096	96
Revs & Bens - EDDC	10,913	6,023	6,023	(4,890)
ECC - Trade Waste System	69,850	66,645	66,645	(3,205)
TDC - Firmstep	114,363	114,363	114,363	0
EDDC - Member Chamber	43,448	43,448	43,448	0
EDDC - Tree Management System	14,657	14,657	14,657	0
TDC - vdi Servers (Adelante)	17,000	16,874	16,874	(126)
ECC - Smart Devices	130,000	91,299	91,299	(38,701)
LLPG	24,500	20,115	20,115	(4,385)
Revs & Bens - TDC	75,010	64,360	64,360	(10,650)
TDC - Oracle upgrade	12,000	12,000	12,000	0
TDC - ModernGov	10,000	10,000	10,000	0
Capital Funds	(1,722,832)	(1,722,832)	(1,722,832)	0
<b>Net Expenditure</b>	<b>80,281</b>	<b>(290,536)</b>	<b>(290,536)</b>	<b>(370,817)</b>

COUNCIL RECHARGE			
	ACTUAL TO DATE		
	£		
EMPLOYEES	0		
SUPPLIES & SERVICES	110,785		
TRANSPORT	0		
INCOME	0		
<b>TO BE RECHARGED TO COUNCILS</b>	<b>110,785</b>		

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**Strata Service Solutions Limited**  
**Annual Report and Financial Statements**  
**Year Ended 31 March 2018**  
Registration number: 09041662

# **Strata Service Solutions Limited**

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## **Strata Service Solutions Limited**

### **Company Information**

**Directors** Mr S P I Davey  
Mr R D Hodgson  
Mr P Nicholls

**Registered office** Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

**Auditors** PKF Francis Clark  
Statutory Auditor  
Centenary House  
Peninsula Park  
Rydon Lane  
Exeter  
Devon  
EX2 7XE

# **Strata Service Solutions Limited**

## **Strategic Report**

**Year Ended 31 March 2018**

The directors present their strategic report for the year ended 31 March 2018.

### **Principal activity**

The principal activity of the company is the provision of information technology services to East Devon District Council, Teignbridge District Council and Exeter City Council.

### **Fair review of the business**

Turnover for the year amounted to £6,964,082 (2017: £7,092,509) with a loss before taxation for the year of £1,148,029 (2017: loss of £663,237). In spite of the loss, the Directors are satisfied that the guarantee provided by the three owner Council's in respect of the Pension Fund liabilities means that the Company can continue to trade and invest in the infrastructure required to grow the Company.

The Company's mutual trading status means that it only conducts business with the three owner Councils.

### **Principal risks and uncertainties**

The Company is owned by three Local Authorities. Budgets are fixed and must therefore be managed tightly, to deliver the objectives set for the Company.

As the owners are Local Authorities, they are subject to political change, which can affect the Company. If political change does take place in one of the owners, there is still a requirement to give 18 months notice after the end of the three year period prior to leaving the Company, which should allow for a full assessment of the Company moving forward. In reality, however, as the three Councils have merged the infrastructure on which they run their respective businesses, it would be financially challenging for one of the Councils to serve notice. A Council would have to put in place alternate infrastructure and compensate the other authorities for the additional costs that they would incur going forward. Further details are given in the accounting policies under Going Concern.

Approved by the Board on 19/07/18 and signed on its behalf by:



Mr R D Hodgson  
Director

# **Strata Service Solutions Limited**

## **Directors' Report**

**Year Ended 31 March 2018**

The directors present their report and the financial statements for the year ended 31 March 2018.

### **Directors of the company**

The directors who held office during the year were as follows:

Mr S P I Davey

Mr R D Hodgson

Mr N A Aggett (resigned 29 June 2018)

Mr P Nicholls

Mr J P Hedge (appointed 10 May 2017 and resigned 13 March 2018)

### **Disclosure of information to the auditors**

Each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on .....19/07/18..... and signed on its behalf by:

.....  
  
Mr R D Hodgson  
Director

## **Strata Service Solutions Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

#### **Opinion**

We have audited the financial statements of Strata Service Solutions Limited (the 'company') for the year ended 31 March 2018, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 4], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Strata Service Solutions Limited**

### **Independent Auditor's Report to the Members of Strata Service Solutions Limited**

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*PKF Francis Clark*

Stephanie Henshaw (Senior Statutory Auditor)  
PKF Francis Clark, Statutory Auditor

Centenary House  
Peninsula Park  
Rydon Lane  
Exeter  
Devon  
EX2 7XE

Date: *20/7/18*

## Strata Service Solutions Limited

### Profit and Loss Account

Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	3	6,964,082	7,092,509
Cost of sales		(3,149,372)	(2,841,293)
Gross profit		3,814,710	4,251,216
Administrative expenses		(4,779,795)	(4,790,641)
Operating loss	4	(965,085)	(539,425)
Other interest receivable and similar income		6,058	4,200
Interest payable and similar charges	7	(189,000)	(128,032)
Loss before tax		(1,148,027)	(663,257)
Taxation	8	(1,212)	(840)
Loss for the financial year		<u>(1,149,239)</u>	<u>(664,097)</u>

The notes on pages 13 to 23 form an integral part of these financial statements.  
 Page 8

## **Strata Service Solutions Limited**

### **Statement of Comprehensive Income**

**Year Ended 31 March 2018**

	<b>Note</b>	<b>2018</b> £	<b>2017</b> £
Loss for the year		(1,149,239)	(664,097)
Remeasurement (loss)/gain on defined benefit pension schemes	15	835,000	(3,180,000)
Total comprehensive income for the year		<u>(314,239)</u>	<u>(3,844,097)</u>

The notes on pages 13 to 23 form an integral part of these financial statements.  
Page 9

# Strata Service Solutions Limited

## Balance Sheet

31 March 2018

	Note	2018 £	2017 £
<b>Fixed assets</b>			
Intangible assets	9	1,675,068	1,871,728
Tangible assets	10	790,256	1,100,968
		<u>2,465,324</u>	<u>2,972,696</u>
<b>Current assets</b>			
Stocks		13,543	4,384
Debtors	11	1,518,286	1,928,981
Cash at bank and in hand		1,402,715	811,600
		<u>2,934,544</u>	<u>2,744,965</u>
<b>Creditors: Amounts falling due within one year</b>	13	(1,917,815)	(1,736,193)
<b>Net current assets</b>		<u>1,016,729</u>	<u>1,008,772</u>
<b>Total assets less current liabilities</b>		3,482,053	3,981,468
<b>Deferred income</b>	13	(2,049,193)	(2,062,369)
<b>Net assets excluding pension liability</b>		1,432,860	1,919,099
Net pension liability	15	(6,752,000)	(6,924,000)
<b>Net liabilities</b>		<u>(5,319,140)</u>	<u>(5,004,901)</u>
<b>Capital and reserves</b>			
Called up share capital	17	3	3
Capital contribution reserve	16	668,553	1,094,754
Profit and loss account	16	(5,987,696)	(6,099,658)
<b>Total equity</b>		<u>(5,319,140)</u>	<u>(5,004,901)</u>

Approved and authorised by the Board on 19/07/18 and signed on its behalf by:



Mr R D Hodgson  
Director

Company Registration Number: 09041662

## Strata Service Solutions Limited

### Statement of Changes in Equity

Year Ended 31 March 2018

	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2017	3	1,094,754	(6,099,658)	(5,004,901)
Loss for the year	-	-	(1,149,239)	(1,149,239)
Other comprehensive income	-	-	835,000	835,000
Total comprehensive income	-	-	(314,239)	(314,239)
Transfer to profit and loss reserve	-	(426,201)	426,201	-
At 31 March 2018	3	668,553	(5,987,696)	(5,319,140)
	Share capital £	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 2016	3	1,613,725	(2,774,532)	(1,160,804)
Loss for the period	-	-	(664,097)	(664,097)
Other comprehensive income	-	-	(3,180,000)	(3,180,000)
Total comprehensive income	-	-	(3,844,097)	(3,844,097)
Transfer to profit and loss reserve	-	(518,971)	518,971	-
At 31 March 2017	3	1,094,754	(6,099,658)	(5,004,901)

The notes on pages 13 to 23 form an integral part of these financial statements.

Page 11

## Strata Service Solutions Limited

### Statement of Cash Flows

Year Ended 31 March 2018

	Note	2018 £	2017 £
<b>Cash flows from operating activities</b>			
Loss for the year		(1,149,239)	(664,097)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation	4	1,002,562	911,873
Loss on disposal of tangible assets		2,425	95,195
Finance income		(6,058)	(4,200)
Finance costs	7	189,000	128,032
Corporation tax	8	1,212	840
		39,902	467,643
Working capital adjustments			
Net pension movement	15	474,000	239,000
(Increase)/decrease in stocks		(9,159)	3,461
Decrease/(increase) in trade debtors	11	410,695	(391,347)
Increase in trade creditors	13	181,249	443,615
(Decrease)/increase in deferred income		(13,176)	287,691
Cash generated from operations		1,083,511	1,050,063
Corporation tax paid		(840)	(2,304)
Net cash flow from operating activities		1,082,671	1,047,759
<b>Cash flows from investing activities</b>			
Interest received		6,058	4,200
Acquisitions of tangible assets		(76,459)	(253,525)
Acquisition of intangible assets		(421,155)	(491,611)
Net cash flows from investing activities		(491,556)	(740,936)
<b>Cash flows from financing activities</b>			
Interest paid		-	(32)
Net increase in cash and cash equivalents		591,115	306,791
Cash and cash equivalents at 1 April		811,600	504,809
Cash and cash equivalents at 31 March		1,402,715	811,600

The notes on pages 13 to 23 form an integral part of these financial statements.

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# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **1 General information**

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its principal place of business and registered office is:

Civic Centre  
Paris Street  
Exeter  
Devon  
EX1 1JN

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of accounting and statement of compliance**

The company's financial statements have been prepared in accordance with FRS 102 - the Financial Reporting Standard applicable in the UK and Republic of Ireland.

There are no material departures from FRS 102.

The functional currency of Strata Service Solutions Limited is considered to be pounds sterling because that is the currency of the economic environment in which the company operates.

#### **Going concern**

Although the company is in a net liability position, the councils have signed up to an agreement with the company for an initial three year period with agreed annual revenue contributions which ended on 1 November 2017. The three councils are required to give 18 months' notice to terminate the service provision. To date no council has indicated a desire to serve notice. At the meeting of the Joint Executive Committee in January 2018, the Committee agreed to continue the funding mechanism for 2018/19 and to receive a paper on future funding options.

The intention of the directors is to offer the councils an extension to the existing agreement, with an updated funding proposal and they have no reason to expect that this will not be accepted.

In addition the councils have provided a guarantee to meet in full any remaining liability on the pension scheme in the event of insolvency of the company. The nature of the agreement with the Council's means that no profit (ignoring the impact of pensions) is retained in the Company, therefore this has a negative impact on the financial position of the Company. Without the pension liability, the Company would have a positive Balance Sheet.

On this basis, the directors have prepared the financial statements on a going concern basis.

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **Key sources of estimation uncertainty**

The directors have considered the judgements and estimation uncertainties included in these financial statements and the accounting policies applied and concluded that these do not have a significant effect on the amounts recognised in the financial statements or lead to a risk of causing a material misstatement of the carrying amounts of assets and liabilities within the next financial year. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period only, or in the period of revision and future periods if the revision affects both current and future periods.

The items in the financial statement where these judgements and estimates have been made include:

Due to advancements in technology the estimation of the useful economic life of intangible assets, which predominately are made up of software, is deemed to be a key estimate. The carrying amount is £1,675,068 (2017 - £1,871,729).

Due to advancements in technology the estimation of the useful economic life of tangible assets, which predominately are made up of computer equipment, is deemed to be a key estimate. The carrying amount is £790,256 (2017 - £1,100,968).

Defined benefit pension liability - assumptions surrounding the discount rate, future salary increases, inflation and future pension increased are considered key estimates. The carrying amount is £(6,752,000) (2017 - £(6,924,000)).

### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the provision of information technology services to the relevant councils. Turnover is shown net of value added tax, returns, rebates and discounts. Fees are invoiced quarterly and recognised in the period to which they relate. Revenue is accrued or deferred as appropriate.

### **Government grants**

Government grants relating to fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the expenditure is incurred.

### **Tax**

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Computer equipment	5-10 years straight line

### **Intangible assets**

Intangible assets are stated in the balance sheet at cost, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost over their useful life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Software	5 years straight line

### **Stocks**

Stocks represent consumable stock and are carried at cost less provision for impairment.

### **Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

### **Defined benefit pension obligation**

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets. The defined benefit obligation is measured using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future payments by reference to market yields at the reporting date on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise.

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **Financial instruments**

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

The company holds the following basic financial instruments:

- Short term trade and other debtors and creditors

These instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

### **3 Revenue**

The analysis of the company's revenue for the year from continuing operations, all of which is attributable to the United Kingdom, is as follows:

	<b>2018</b>	<b>2017</b>
	£	£
Fee income	6,451,784	6,576,917
Grant income	512,298	515,592
	<hr/>	<hr/>
	6,964,082	7,092,509

### **4 Operating loss**

Arrived at after charging

	<b>2018</b>	<b>2017</b>
	£	£
Depreciation expense	384,747	363,369
Amortisation expense	617,815	548,504
Loss on disposal of property, plant and equipment	2,425	95,195
	<hr/>	<hr/>

### **5 Staff costs**

The aggregate payroll costs (including directors' remuneration) were as follows:

	<b>2018</b>	<b>2017</b>
	£	£
Wages and salaries	2,049,937	2,029,875
Social security costs	201,580	196,297
Pension costs, defined benefit scheme	788,000	470,000
	<hr/>	<hr/>
	3,039,517	2,696,172

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2018

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2018 No.	2017 No.
Administration and support	74	68

### 6 Auditor's remuneration

	2018 £	2017 £
Audit of the financial statements	<u>5,220</u>	<u>4,225</u>

### 7 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and borrowings	-	32
Net finance costs in respect of defined benefit pension scheme	<u>189,000</u>	<u>128,000</u>
	<u>189,000</u>	<u>128,032</u>

### 8 Taxation

Tax charged/(credited) in the profit and loss account

	2018 £	2017 £
<b>Current taxation</b>		
UK corporation tax	<u>1,212</u>	<u>840</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2017 - higher than the standard rate of corporation tax in the UK) of 19% (2017 - 20%).

The differences are reconciled below:

	2018 £	2017 £
Loss before tax	<u>(1,148,027)</u>	<u>(663,257)</u>
Corporation tax at standard rate	<u>(218,125)</u>	<u>(132,651)</u>
Effect of expense not deductible in determining taxable profit	<u>219,337</u>	<u>133,491</u>
Total tax charge	<u>1,212</u>	<u>840</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2018

By virtue of its members, the company has been set up as a mutual trading company and as such the tax charge for the year is only applied to its external investment income.

### 9 Intangible assets

	Software £	Total £
<b>Cost or valuation</b>		
At 1 April 2017	3,102,821	3,102,821
Additions	421,155	421,155
At 31 March 2018	<u>3,523,976</u>	<u>3,523,976</u>
<b>Amortisation</b>		
At 1 April 2017	1,231,093	1,231,093
Amortisation charge	617,815	617,815
At 31 March 2018	<u>1,848,908</u>	<u>1,848,908</u>
<b>Carrying amount</b>		
At 31 March 2018	<u>1,675,068</u>	<u>1,675,068</u>
At 31 March 2017	<u>1,871,728</u>	<u>1,871,728</u>

### 10 Tangible assets

	Computer equipment £	Total £
<b>Cost or valuation</b>		
At 1 April 2017	1,882,115	1,882,115
Additions	76,459	76,459
Disposals	(7,657)	(7,657)
At 31 March 2018	<u>1,950,917</u>	<u>1,950,917</u>
<b>Depreciation</b>		
At 1 April 2017	781,147	781,147
Charge for the year	384,747	384,747
Eliminated on disposal	(5,233)	(5,233)
At 31 March 2018	<u>1,160,661</u>	<u>1,160,661</u>
<b>Carrying amount</b>		
At 31 March 2018	<u>790,256</u>	<u>790,256</u>
At 31 March 2017	<u>1,100,968</u>	<u>1,100,968</u>

# Strata Service Solutions Limited

## Notes to the Financial Statements

Year Ended 31 March 2018

### 11 Debtors

	2018 £	2017 £
Trade debtors	491,050	341,663
Other debtors	3,167	582,189
Prepayments and accrued income	<u>1,024,069</u>	<u>1,005,129</u>
	<u>1,518,286</u>	<u>1,928,981</u>

### 12 Cash and cash equivalents

	2018 £	2017 £
Cash at bank	<u>1,402,715</u>	<u>811,600</u>

### 13 Creditors

	2018 £	2017 £
<b>Due within one year</b>		
Trade creditors	283,432	224,465
Corporation tax	1,212	840
Social security and other taxes	241,656	428,791
Other creditors	15,314	12,544
Accrued expenses	<u>1,376,201</u>	<u>1,069,553</u>
	<u>1,917,815</u>	<u>1,736,193</u>
<b>Deferred income</b>		
Government grants	<u>2,049,193</u>	<u>2,062,369</u>

### 14 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2018 £	2017 £
Not later than one year	51,270	45,888
Later than one year and not later than five years	188,746	4,619
Later than five years	<u>94,158</u>	<u>-</u>
	<u>334,174</u>	<u>50,507</u>

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **15 Pension and other schemes**

#### **Defined benefit pension schemes**

##### **Local Government Pension Scheme (LGPS)**

The assets and liabilities of the scheme were transferred to the company on 1 November 2014 when the employees, who are members of the scheme, were transferred to the company from East Devon District Council, Teignbridge District Council and Exeter City Council. As part of the arrangements for the transfer, the Councils have provided guarantees to meet their share of their respective liabilities to the scheme in the event of the insolvency of the company.

The date of the most recent comprehensive actuarial valuation was 31 March 2018. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation of the Fund will be carried out as at 31 March 2021 and will set contributions for the period 1 April 2021 to 31 March 2024. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £980,000 (2017 - £601,000).

#### ***Reconciliation of scheme assets and liabilities to assets and liabilities recognised***

The amounts recognised in the statement of financial position are as follows:

	<b>2018</b>	<b>2017</b>
	£	£
Fair value of scheme assets	7,166,000	6,514,000
Present value of defined benefit obligation	<u>(13,918,000)</u>	<u>(13,438,000)</u>
Defined benefit pension scheme deficit	<u>(6,752,000)</u>	<u>(6,924,000)</u>

#### ***Defined benefit obligation***

Changes in the defined benefit obligation are as follows:

	<b>2018</b>
	£
Present value at start of year	13,438,000
Current service cost	788,000
Interest cost	377,000
Benefits paid	(68,000)
Contributions by scheme participants	132,000
Change in financial assumptions	<u>(749,000)</u>
Present value at end of year	<u>13,918,000</u>

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### ***Fair value of scheme assets***

Changes in the fair value of scheme assets are as follows:

	<b>2018</b> £
Fair value at start of year	6,514,000
Interest income	188,000
Return on plan assets, excluding amounts included in interest income/(expense)	86,000
Employer contributions	317,000
Contributions by scheme participants	132,000
Benefits paid	(68,000)
Administrative expenses	<u>(3,000)</u>
Fair value at end of year	<u>7,166,000</u>

### ***Analysis of assets***

The major categories of scheme assets are as follows:

	<b>2018</b> £	<b>2017</b> £
Cash and cash equivalents	175,000	174,000
Equity instruments	5,306,000	4,798,000
Debt instruments	372,000	362,000
Property	667,000	570,000
Other assets	<u>646,000</u>	<u>610,000</u>
	<u>7,166,000</u>	<u>6,514,000</u>

### ***Return on scheme assets***

	<b>2018</b> £	<b>2017</b> £
Return on scheme assets	<u>86,000</u>	<u>819,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

The overall expected return on assets assumption is derived as the weighted average of the expected returns from each of the main asset classes.

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### ***Principal actuarial assumptions***

The principal actuarial assumptions at the statement of financial position date are as follows:

	2018 %	2017 %
Discount rate	2.60	2.80
Future salary increases	3.80	4.20
Future pension increases	2.30	2.70
Inflation	3.30	3.60

### ***Post retirement mortality assumptions***

	2018 Years	2017 Years
Current UK pensioners at retirement age - male	24.00	23.00
Current UK pensioners at retirement age - female	26.00	26.00
Future UK pensioners at retirement age - male	26.00	26.00
Future UK pensioners at retirement age - female	28.00	28.00

## **16 Reserves**

### **Capital contribution reserve**

The capital contribution reserve arose on the commencement of trade, following the donation of intangible and tangible fixed assets to the company from the three councils for nil consideration. An element of this is transferred to the profit and loss reserve as the assets are depreciated. Similarly transfers are performed based on gains and losses that arise on the disposal of donated assets.

## **17 Share capital**

### **Allotted, called up and fully paid shares**

	2018 No.	2018 £	2017 No.	2017 £
Ordinary shares of £1 each	3	3	3	3

## **18 Commitments**

### **Capital commitments**

The total amount contracted for but not provided in the financial statements was £Nil (2017 - £319,519).

# **Strata Service Solutions Limited**

## **Notes to the Financial Statements**

**Year Ended 31 March 2018**

### **19 Related party transactions**

#### **Key management personnel**

The directors are not remunerated from this company, other key management remuneration is as follows:

#### **Key management compensation**

	<b>2018</b>	<b>2017</b>
	£	£
Salaries and other short term employee benefits	78,000	67,859
Post-employment benefits	11,466	8,347
	<hr/>	<hr/>
	89,466	76,206

#### **Summary of transactions with other related parties**

##### **Entities with joint control over the company**

The company recognised turnover of £6,964,082 (2017: £7,092,509) to the Councils which jointly control it. At the year end £491,050 (2017: £341,663) was owed to the company by the Councils.

# Strata Service Solutions Limited

## Detailed Profit and Loss Account

Year Ended 31 March 2018

	2018 £	2017 £
<b>Turnover</b>		
Fee income	6,451,784	6,576,917
Grant income	512,298	515,592
	<u>6,964,082</u>	<u>7,092,509</u>
<b>Cost of sales</b>		
Opening stock	(4,384)	(7,845)
Closing stock	13,406	4,384
Wages and salaries	(2,049,937)	(2,029,875)
Staff NIC (Employers)	(201,580)	(196,297)
Staff pensions (Defined benefit)	(788,000)	(470,000)
Staff training	(33,113)	(34,482)
Temporary staff wages	(9,691)	(35,576)
Other employment costs	(24,934)	(18,071)
Redundancy costs	(51,139)	(53,531)
	<u>(3,149,372)</u>	<u>(2,841,293)</u>
<b>Gross profit</b>	3,814,710	4,251,216
<b>Gross profit (%)</b>	<b>54.78%</b>	<b>59.94%</b>
<b>Administrative expenses</b>		
Administrative expenses	(4,779,795)	(4,790,641)
<b>Operating loss</b>	<u>(965,085)</u>	<u>(539,425)</u>
<b>Other interest receivable and similar income</b>		
Interest income on bank deposits	(6,058)	(4,200)
<b>Interest payable and similar charges</b>		
Interest on bank overdrafts and borrowings	-	(32)
Interest on defined benefit pension scheme	(189,000)	(128,000)
	<u>(189,000)</u>	<u>(128,032)</u>
<b>Loss before tax</b>	<u>(1,148,027)</u>	<u>(663,257)</u>

This page does not form part of the statutory financial statements.

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## Strata Service Solutions Limited

### Detailed Profit and Loss Account

Year Ended 31 March 2018

	2018 £	2017 £
<b>Administration costs</b>		
Repairs and maintenance	4,887	14,627
Telephone and fax	542,296	510,261
Licences and support	891,633	1,067,161
Office expenses	14,522	-
Computer software and maintenance costs	1,660,401	1,376,487
Printing, postage and stationery	347,331	396,024
Trade subscriptions	1,696	1,149
Sundry expenses	71,504	135,225
Travel and subsistence	31,588	42,485
Advertising	114,160	85,997
Auditor's remuneration	5,220	4,225
Internal audit costs	9,145	16,675
Legal and professional	78,952	131,653
Bank charges	1,473	1,604
Amortisation of intangible assets	617,815	548,504
Depreciation of computer equipment (owned)	384,747	363,369
(Profit)/loss on disposal of tangible fixed assets	2,425	95,195
	<hr/> <u>4,779,795</u>	<hr/> <u>4,790,641</u>

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# Agenda Item 10

By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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# Agenda Item 11

By virtue of paragraph(s) 1, 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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