

STRATA JOINT EXECUTIVE COMMITTEE

DATE OF MEETING: 27 SEPTEMBER 2016

PUBLICATION DATE: 20 SEPTEMBER 2016

REPORT OF: STRATA BOARD

SUBJECT: STRATA BUDGET MONITORING Q1 - 2016/17

1. PURPOSE

- 1.1 This report advises on the financial progress of Strata during the first three months of 2016-17, including a project outturn assessment against the savings set out in the Business Plan.

2. BACKGROUND

- 2.1 The Company has been given a total of £5.933 million to run the IT Services in 2016/17 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 2016

3.1 Savings as per Business Plan

The original Business Case for Strata set out a savings profile over the initial ten year period of the Company. The savings were split into cashable revenue savings and savings to the Councils from not having to implement specific capital projects individually.

A breakdown of the saving summary is set out below.

		Capital Expenditure Savings	Revenue Savings	Total
2015-16	Year 1	(443,932)	(262,098)	(706,030)
2016-17	Year 2	(272,522)	(254,052)	(526,574)
2017-18	Year 3	(319,822)	(482,836)	(802,658)
2018-19	Year 4	(259,609)	(627,961)	(887,570)
2019-20	Year 5	(129,300)	(769,653)	(898,953)
2020-21	Year 6	867,962	(858,293)	9,669
2021-22	Year 7	(138,000)	(933,626)	(1,071,626)
2022-23	Year 8	(9,884)	(927,313)	(937,197)
2023-24	Year 9	(196,902)	(949,680)	(1,146,582)
2024-25	Year 10	(374,300)	(984,040)	(1,358,340)
Total		(1,276,309)	(7,049,550)	(8,325,859)

However, approval to move staff to new Strata Terms and conditions meant that a saving of only £26,964 was projected at the start of the financial year.

3.2 Key Variations from Revenue Budget

The Strata budget is on track to deliver around £100,000 of revenue savings for the Councils in 2016-17 (Appendix A). The key variations are set out on the next page:

Expenditure Type	Projected Over / (Underspend)	Detail
Employees	(37,120)	<ul style="list-style-type: none"> The planned redundancies are lower than estimated in the Budget.
Supplies & Services	0	<ul style="list-style-type: none"> No evidence of a variance has been identified at this time.
Income - Revenue	(41,205)	<ul style="list-style-type: none"> Additional income to finance Firmstep annual maintenance from ECC.
Transport	4,464	<ul style="list-style-type: none"> Based on current trends transport costs will be above budget.
Investment interest / Tax	3,600 net	<ul style="list-style-type: none"> Cash in the company is reducing along with expectations for interest rates moving forward.

At the three month stage the Board is projecting a saving of £97,225 against the original target of £254,052.

3.3 Key Variations from Capital Budget

The capital project to deliver the data centre and other implementation projects is progressing. Some additional expenditure on the data centre has been incurred without funding identified.

3.4 Council Recharge Account

The Councils also request additional equipment for which they are subsequently invoiced. At present there are outstanding payments of £172,057 to be invoiced.

3.5 Final Audited Statement of Accounts 2015/16

Attached at Appendix B are the final, audited Statement of Accounts for Strata Service Solutions. The final accounts differ by only £750 from the draft accounts set out in March.

The Board is therefore satisfied that the refund provided to the three owners during May 2016 was appropriate.

RECOMMENDATIONS

That the Joint Executive Committee notes the contents of the report.

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