STRATA
Solutions for government

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)	**30,098**
2016-17	Year 2	(312,522)	(20,000)	(100,000)*	**(80,000)**
2017-18	Year 3	(358,222)	(252,836)	(565,000)	**(312,164)**
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		**(1,554,709)**	**(5,363,500)**	**(897,000)**	**(362,066)**

* 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	• Additional expenditure for Council specific projects covered by additional income.
Supplies & Services	(40,474)	• Based on previous years. Expenditure is slightly below forecast.
Income - Revenue	(96,385)	• Additional income for staff.
Transport	6,192	• Based on current trends transport costs will be slightly over budget.
Investment interest / Tax	(4,700) net	• Higher interest rates and higher cash balances have increased interest expectations.

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.

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