

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM

REPORT TO CABINET

20 MAY 2010

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Corporate Management and Finance – Lead Cabinet Member – Councillor Laing

XENTRALL ANNUAL REPORT 2009 – 2010

1. Summary

Xentrall Shared Services the public/public partnership between Stockton and Darlington Councils went live on 1 May 2008, this is its second annual report. The partnership business case previously approved by Members identified joint savings of £7.4m over 10 years and significant service improvements. The achievements delivered in its second year are set out in this report.

2. Recommendations

It is recommended that the report be noted.

3. Reasons for the Recommendations/Decision(s)

To allow Members to receive information about the progress of the partnership.

4. Members' Interests

Members (including co-opted Members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (**paragraph 8**) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (**paragraphs 10 and 11 of the code of conduct**).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting considering the business is being held -

- in a case where the Member is attending a meeting (including a meeting of a select committee) but only for the purpose of making representations, answering questions or giving evidence, provided the public are also allowed to attend the meeting for the same purpose whether under statutory right or otherwise, immediately after making representations, answering questions or giving evidence as the case may be;

- in any other case, whenever it becomes apparent that the business is being considered at the meeting;

and must not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (**paragraph 12 of the Code**).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc; whether or not they are a Member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting (unless the interest arises solely from the Member's membership of, or position of control or management on any other body to which the Member was appointed or nominated by the Council, or on any other body exercising functions of a public nature, when the interest only needs to be declared if and when the Member speaks on the matter), and if their interest is prejudicial, they must also leave the meeting room, subject to and in accordance with the provisions referred to above.

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SUMMARY

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RECOMMENDATIONS

It is recommended that the report be noted.

DETAIL

1. This is Xentrall Shared Services second annual report. Whilst the previous year was all about setting up the partnership and moving the staff into their new posts and new locations, this year has been about improving and transforming the services.

Our Business

2. The partnership is continuing to deliver the objectives set out in the original business case. The services have been standardising and automating their processes to enable them to meet the savings in the business case.
3. Services across Stockton and Darlington Councils have been reducing their demand for Design and Print services and this has resulted in a short fall in income of £330k. In response to the drop in demand, Xentrall Shared Services has undertaken a full and radical review of the service to make sure its ongoing cost base is in line with the new lower projected income. A new structure and new working practices have been introduced along side closer working relationships with the central communications teams in the two Councils.
4. Performance has improved in creditors and sickness absence has fallen in 2009/10. Service standards have been maintained for payroll and ICT service availability. ICT response times have dropped slightly due to the changes which have taken place in the service over the last twelve months, most notably, the introduction of a single service desk system. All ICT staff have been trained in the IT Infrastructure Library standards, which are the industry best practice.

	Out-turn 2008/9	Target 9/10	Actual Out-turn 2009/10	Comment
Sickness Absence	12.44 days	9.5 days	8 days	Significant improvement plus exceeded target
Invoices paid in 30 days	87.6% DBC 69.2% SBC	90%	92% DBC 91% SBC	Significant improvement plus exceeded target and improvement was consistently maintained throughout the year
% ICT incidents resolved within agreed service levels	95.9% DBC 94% SBC	97.5%	94% both	Slight drop in performance on previous year, target not achieved.

Our Resources

5. All the service areas have exceeded their savings targets with the exception of Design and Print (see paragraph 3 above). The table below shows the out turn for all the services, the projected budget and further savings in future years. The efficiencies in business case will be realised two years earlier than set out in the original business case and further savings have also been identified to enable each Council to meet its Medium Term Financial Plan challenges.

Service	Budget 09/10	Forecast 09/10	Variance 09/10	Budget 10/11	Budget 11/12	Budget 12/13
ICT	4,560,460	4,353,460	-207,000	4,375,733	4,355,245	4,380,764
Design and Print	-315,977	17,023	333,000	-303,780	-303,867	-304,959
Transactional Finance / HR	3,627,917	3,501,917	-126,000	3,433,162	3,316,165	3,219,129
	7,872,400	7,872,400	0	7,505,115	7,367,543	7,294,934
Net Savings	-43,000	-43,000		-495,586	-700,405	-822,965

6. Services were benchmarked during the year for quality of service and overall cost of the service. Finance and Payroll services were benchmarked using the CIPFA benchmarking service and ICT was benchmarked using the SOCITM benchmarking service. The results show that all our services have significantly reduced their costs and are now better than average:

	Out-turn 2008/9	Target 9/10	Actual Out-turn 2009/10	Comment
Cost per invoice (creditors)	£3.30	£3.20	£2.05	Average of 75 unitary authorities is £2.37
Cost per invoice (debtors)	£5.94	£5.90	£5.51	Average of 72 unitary authorities is £9.06
Cost per payslip	£4.46	£4.36	£3.79	Average of 59 unitary authorities is £4.14
Number of workstations supported per specialist	Baseline	2 nd quartile	482	Upper quartile of 23 authorities is 335

Our Customers

7. All Xentrall services have been assessed and achieved level 2 standard in Customer First. It has also been externally assessed against the Customer Service Excellence standard and achieved full compliance with the standard.
8. Our customers were surveyed in September 2009 and the feedback we received have been fed into our continuous improvement programme which is delivered by our Customer and Communications team.

Our People

9. Communication and engagement with employees continues to be improved. There are now regular employee bulletins which are used to get messages to employees in a consistent and timely manner. On the 1st May 2008 the Xentrall Newsletter was launched to keep employees up to date on things that are happening across Xentrall. The new Intranet called Xentrall Information Point was launched on 1st March 2010.
10. We have continued to develop our Leadership Team by involving our service managers and team leaders in a number of development workshops. The focus this year has been about managing change and sharing best practice across the organisation.

Additionality

11. In addition to the savings and efficiencies set out in the original business case, additional improvements, savings and efficiencies have been achieved because of the joint working.
12. The HR system is now on a single shared database. This has resulted in £10k a year savings and means that all the developments of the system are now done once and shared by both Councils. All the improvements are developed jointly by the Councils' HR services, resulting in further efficiencies associated with the development and testing of systems.
13. The finance system in Stockton was upgraded to the latest version of the software. This was a significant upgrade which was implemented in half the time normally planned for this type of upgrade because the system was already live in Darlington and the systems team was already familiar with the software. At the same time, the finance system was moved onto a single shared database which means that further savings in development can be achieved in future years.
14. A new computer room has been built in Darlington which will serve both Councils. It is set up to use the latest technology and will be more resilient than the existing two computer rooms. The new computer room combined with the virtualisation of computer servers will also contribute to the Councils carbon reduction. It is estimated that virtualisation will save 834 tonnes of CO2.
15. Both Councils have their own ICT strategies, but there is overlap between the two and this means that many of the projects are being developed jointly and where possible, jointly procured. This means that there is increased efficiency because changes are implemented once and greater savings are achieved from the joint procurements.
16. ICT has undertaken two major procurements during the last twelve months. A PC and laptop reverse auction resulted in savings of £310k per year. A review of desktop licensing provides a cost avoidance of £573k over six years. Additional savings are fed directly into each Council's medium term financial plan.
17. Xentrall Shared Services works closely with both Councils to make sure its services meet the ongoing needs and priorities of the Councils. Some examples include:

- Working with customers on absence management reporting has meant that more detailed reports are produced in a timely manner. Absence management has improved and both Councils have reduced absence overall.
- Joint development of debtor processes in Darlington means that the whole process is now more efficient.
- Xentrall Shared Services is supporting the finance teams to improve procurement and create greater efficiencies through automation of processes.

18. A post implementation review on the implementation of the partnership was carried out and the lessons learned are being used to inform the next phase of joint partnership reviews, set out in the Councils efficiency programmes, which will be undertaken during 2010/11.

Future Developments

19. To meet the business case, over the next two years Xentrall Shared Services will continue to improve the way it works to create greater efficiencies, leading to further reductions in staffing. This is being managed by employing temporary and agency staff wherever possible so that the impact on staff is reduced.

20. Further major joint developments in 2010/11 include:

- Implementation of HR Online – self service modules which will improve service for departments and for individual employees and Members who will be able to access and update their own information.
- A review of desktop printing – the objective is to reduce the overall cost of local printing across both Councils this will also contribute to each Council's carbon reduction.
- Implementation of new more efficient computer servers – the aim is to stop the continuing growth of the number of servers used by both Councils, reduce the overall number of computer servers and therefore reduce the cost of support. Funding of computer room is being achieved from within the business case.

FINANCIAL IMPLICATIONS

21. The financial implications of the partnership were approved by Members when they approved the business case in November 2007 and are on target. The budget implications are built into the Councils Medium Term Financial Plan.

LEGAL IMPLICATIONS

22. The legal implications of the partnership were reported to Cabinet with the business case in November 2007.

RISK ASSESSMENT

23. The partnership is categorised as medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

SUSTAINABLE COMMUNITY STRATEGY IMPLICATIONS

24. The Partnership delivers efficiencies which assist in the retention of the current medium term financial plan. It also responds to the Government's efficiency agenda.

EQUALITIES IMPACT ASSESSMENT

25. This report is not subject to an Equality Impact Assessment because there are no changes to service delivery or existing strategies.

CONSULTATION INCLUDING WARD/COUNCILLORS

26. No specific consultation has been undertaken in the preparation of the report

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Background Papers

Cabinet report November 2007 including the original business case, a full copy of which is available in the Members' Library and on the intranet.

Ward(s) and Ward Councillors:

Property

Property matters were dealt with during the setting up of the Partnership.