

**AGENDA ITEM**

**REPORT TO CABINET**

**16<sup>th</sup> May 2013**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET DECISION**

**Corporate Management and Finance – Lead Cabinet Member – Councillor Harrington**

**XENTRALL ANNUAL REPORT 2012 – 2013**

1. Summary

It has been five years since Xentrall Shared Services, the Stockton and Darlington partnership, was established. It has now delivered all the efficiencies and main benefits outlined in the original business case and, with the additional savings identified, it is on target to make £13.6m savings over the 10 years of the partnership which is nearly double the original target. The year on year saving, once all the efficiencies are delivered, will be £2.6m which equates to 32%. Valuable savings in the back office and support services which are contributing to the protection of front line services.

2. Recommendations

It is recommended that the success of the partnership in identifying efficiencies leading to £13.6m over the ten years of the partnership thereby contributing to the protection of front line services, 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**

It has been five years since Xentrall Shared Services, the Stockton and Darlington partnership, was established. It has now delivered all the efficiencies and main benefits outlined in the original business case and, with the additional savings identified, it is on target to make £13.6m savings over the 10 years of the partnership which is nearly double the original target. The year on year saving, once all the efficiencies are delivered, will be £2.6m which equates to 32%. Valuable savings in the back office and support services which are contributing to the protection of front line services.

**RECOMMENDATIONS**

It is recommended that the success of the partnership in identifying efficiencies leading to £13.6m over the ten years of the partnership thereby contributing to the protection of front line services, be noted.

**DETAIL**

1. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now half way through its original ten year partnership agreement. It has now delivered all the efficiencies and main benefits outlined in the original business case and, with the additional savings identified, remain on target to make £9.2m savings over the ten year period of the partnership.

**Our Resources**

2. The original savings identified in the Outline Business Case agreed by Members in November 2007 was £7.4m. Subsequent reviews, including a comprehensive review of the ICT service in 2010, increased the projected savings to £11.4m. Reviews of other services in both Councils, including the centralisation of Communications, identified savings in their Design and Print budgets which had a direct impact on the ability of Xentrall to hit its income targets for this service and in March 2012 an adjustment of £314k per annum was made to the budget reducing the overall savings for Xentrall down to the £9.2m which it is now on target to achieve.
3. The financial situation in both Councils has changed significantly since the original business case and there is now a requirement for Xentrall to identify further savings. Proposals for additional savings have been approved in Darlington and are subject to approval in Stockton on 12<sup>th</sup> June. With the proposed new savings the total target over the 10 years of

the partnership will rise to £13.6m which is nearly double the original target. The year on year saving, once all the efficiencies are delivered, will be £2.6m which equates to 32%.

4. The Creditors, Debtors and Payroll services are benchmarked for quality of service and overall cost of the service, using the CIPFA benchmarking service. The unit cost for all of these services has reduced every year and value for money continues to be a focus for Xentrall. ICT services are benchmarked every two years using SOCITM benchmarking service. There are some areas where costs are higher than the average, but this was before the new infrastructure changes were implemented which have had a big impact on the cost of purchasing and supporting ICT in both Councils.
5. There has been a recent loss of income to the ICT service as services previously delivered to Tristar are to be transferred in-house by the new parent company Vela Homes. This has been managed through staff transfers and efficiency savings, but potential loss of income remains a risk to Xentrall and will continue to be monitored in future years.
6. Design and Print which has shown an income shortfall in previous years has delivered against its income targets in the current year as a result of the adjustments and restructure which was made last year.
7. Overall Xentrall has delivered an additional one-off budget saving of £100,000 in the current year due to freezing vacant posts and additional income across ICT and Design and Print services.

### **Our People**

8. Xentrall undertook a staff survey in September 2012 and 89% of employees responded to the survey.
9. Net employee satisfaction is 77%. This is in line with previous years, which is a good outcome considering the amount of change all the services have been through recently and the continued uncertainty due to the need to make further savings. Satisfaction with learning and development opportunities was also 77% which is an improvement on the previous survey.
10. However there is no room for complacency and each of the service areas have developed plans to tackle areas which were raised as concerns. The main issue raised over all of Xentrall was the need to do something different with reward and recognition and a working group has been established to look at this in more detail.

### **Our Customers**

11. A customer satisfaction survey was undertaken across both Stockton and Darlington customers in March 2013. The survey will be used to inform service improvements. The overall satisfaction for Xentrall services was 80% in Stockton and 76% in Darlington.
12. The satisfaction levels for all the services have remained the same as the previous survey with the exception of Design and Print. Satisfaction levels for this service have dropped in the last twelve months. The Head of ICT and Design and Print will be looking at this in more detail but initial indications are that it is a combination of new ways of working, that is all jobs routed through Communications, and reduced staffing levels, which combined mean that it is more difficult to respond to urgent requests for work.
13. Xentrall will be assessed in May along with the rest of Stockton Council for Customer Service Excellence and is hopeful that this will be retained.

### **Our Business**

14. Set out below are the main achievements / service improvements delivered by Xentrall in the last twelve months.
15. Xentrall was a finalist for the APSE 2012 public sector partnership award.
16. An Internal Audit review of the Governance in Xentrall achieved Full Assurance.
17. The number of Academies continues to increase – Xentrall now has 23 with another 5 in the process of going live and a further 5 to start working with shortly. Xentrall has received positive feedback from all its Academies who have all renewed their contract for a further year.
18. Three new self-service facilities have been launched this year:
  - On-line Recruitment Packs in Darlington to reduce administration overheads and improve responsiveness and information to managers
  - Implemented - Your Miles Your Money - online car mileage processing developed to generate efficiency savings by improving and automating a very manual and labour intensive process saving valuable resource for claimants and the Xentrall Creditors team. This service has been rolled out in both Councils.
  - ICT self service was launched in August and the take up of this service now exceed the number of emails received by the service.
19. A combination of improvements, including the introduction of self service means that the ICT service desk now answers 99% of all calls within 3 minutes and incident resolution target has improved on previous years.
20. Network and Telephony support in Stockton was previously provided by NextiraOne. As of August 2012 this service was successfully transferred to Xentrall with a saving in the region of £300k a year to Stockton Council.
21. Print Consolidation project is now complete with all offices in Stockton and Darlington using the new more cost effective multi-function printers. All the expensive to run stand-alone printers have now been removed with the exception of specialist equipment such as the plotters for Planning.

## **Business Development**

22. One of the objectives of the partnership was to expand the business where appropriate and Xentrall has continued to look at options for increasing income to the partnership and / or make further savings.
23. There have been a number of successes in this area:
  - The development of a solution for Academies which has meant that Xentrall has retained school business from Stockton and Darlington as they have transferred to Academy status.
  - Stockton schools finance team joined Xentrall in April 2012.
  - More recently Stockton network team has transferred to Xentrall from a private sector provider with significant savings to the Council and increased resilience to the ICT service.

24. Xentrall has been engaged in discussions with a number of Councils, for example, North Tyneside, Hartlepool and Redcar and Cleveland about partnering opportunities. However despite this, it has not been successful in making any large scale changes such as attracting another public sector partner.

### **Next Three Years**

25. Xentrall's vision for the next three years is:
- Continue to improve our services
  - Create value for Stockton and Darlington
  - Tactically grow the business
26. The aim of this vision is to continue to identify efficiency savings in Xentrall and the wider Councils; ensure that ICT and information systems are securely and effectively utilised across both Councils; and, deliver additional income wherever possible.
27. Additional savings proposals currently being considered by both Councils is in line with the revised vision.

### **FINANCIAL IMPLICATIONS**

28. The financial implications of the partnership were approved by Members when they approved the business case in November 2007 and are on target. Further savings following a review of the service have also been approved by Members and are also on target. The budget implications are built into the Councils Medium Term Financial Plan.

### **LEGAL IMPLICATIONS**

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

### **RISK ASSESSMENT**

30. 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**

31. 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**

32. 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**

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

Julie Danks

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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.