

AGENDA ITEM

REPORT TO CABINET

12 JULY 2018

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

Corporate Management and Finance – Lead Cabinet Member – Councillor Cook

XENTRALL ANNUAL REPORT 2017/18

1. Summary

This annual report allows Cabinet Members to review the progress and performance of Xentrall Shared Services, the Stockton and Darlington partnership, which has just celebrated its tenth anniversary.

2. Recommendation

It is recommended that Cabinet note the report and acknowledge the success of Xentrall reaching its tenth anniversary and achieving £13.6m savings which is almost double its original target and this public/public partnership continues to outperform the private sector.

3. Reasons for the Recommendation/Decision

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

4. Members' Interests

Members (including co-opted Members) should consider whether they have a personal interest in any item, as defined in **paragraphs 9 and 11** of the Council's code of conduct and, if so, declare the existence and nature of that interest in accordance with and/or taking account of **paragraphs 12 - 17** of the code.

Where a Member regards him/herself as having a personal interest, as described in **paragraph 16** of the code, in any business of the Council he/she must then, **in accordance with paragraph 18** of the code, 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 and the business:-

- affects the members financial position or the financial position of a person or body described in **paragraph 17** of the code, or
- relates to the determining of any approval, consent, licence, permission or registration in relation to the member or any person or body described in **paragraph 17** of the code.

A Member with a personal interest, as described in **paragraph 18** of the code, may attend the meeting but must not take part in the consideration and voting upon the relevant item of business. However, a member with such an interest may make representations, answer questions or give evidence relating to that business before the business is considered or voted on, provided the public are also allowed to attend the meeting for the same purpose whether under a statutory right or otherwise (**paragraph 19** of the code)

Members may participate in any discussion and vote on a matter in which they have an interest, as described in **paragraph 18** of the code, where that interest relates to functions of the Council detailed in **paragraph 20** of the code.

Disclosable Pecuniary Interests

It is a criminal offence for a member to participate in any discussion or vote on a matter in which he/she has a disclosable pecuniary interest (and where an appropriate dispensation has not been granted) **paragraph 21** of the code.

Members are required to comply with any procedural rule adopted by the Council which requires a member to leave the meeting room whilst the meeting is discussing a matter in which that member has a disclosable pecuniary interest (**paragraph 22** of the code)

AGENDA ITEM

REPORT TO CABINET

12 JULY 2018

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

XENTRALL ANNUAL REPORT 2017/18

SUMMARY

This annual report allows Cabinet Members to review the progress and performance of Xentrall Shared Services, the Stockton and Darlington partnership, which has just celebrated its tenth anniversary in May.

RECOMMENDATION

It is recommended that Cabinet note the report and acknowledge the success of Xentrall reaching its tenth anniversary and achieving £13.6m savings which is almost double its original target and this public/public partnership continues to outperform the private sector.

DETAIL

1. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and has just celebrated its tenth anniversary. The Xentrall services are:
 - ICT (strategy and operations)
 - Transactional HR (payroll, recruitment, sickness absence)
 - Transactional Finance (creditors, debtors, banking, schools finance)
 - Design & Print (professional buyer, in-house design and print)
2. The original business case identified a number of efficiencies and benefits to be delivered resulting in initial savings of £7.4m over the original ten year period. The successful partnership has delivered all of these plus additional efficiencies and benefits and has made almost double the original targeted savings over the same ten year period. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing over the same period.
3. This significant achievement for what is a public/public partnership compares very well to other private sector partnerships many of which have failed over the same period. The foresight by both Councils at that time was ambitious, but both have since enjoyed the financial and service rewards of a successful on-going partnership.
4. In recognition the on-going success of this public/public partnership, Members will recall that in 2015 they agreed to amend the original ten year period into an on-going rolling agreement.
5. In recognition of the significance of the ten year milestone, an event was held for the Xentrall team which reflected on the pre-Xentrall partnership preparations and decisions that took place in the years preceding its formation in 2008. It also covered the challenges of the early days of Xentrall, the main achievements over the ten year period and took the opportunity to outline the developments and challenges ahead. A training session took the opportunity to reaffirm our







approach to customer service across all teams. The event was a success and on a continued Xentrall trend of charity giving, a raffle was held and raised funds for the Mayor's charities at both Councils.

VALUE FOR MONEY AND PERFORMANCE

6. Over the ten years the financial situation in both Councils has changed significantly as a result of reductions in local government funding and Xentrall has continued to support both Councils in achieving a balanced Medium Term Financial Plan. This has mainly been achieved through staff savings resulting from more efficient ways of working across the four service areas, with Xentrall staffing reducing by approximately 40% over the same period.
7. In addition to cost reductions, all services undertake benchmarking exercises to ensure that quality is not compromised and to confirm that a balanced approach is used to measure improvements and success. ICT, HR and Finance participate in national benchmarking exercises with other participating organisations which confirm our services are performing well in comparison to others. Similarly, Design & Print undertakes price comparisons with local and regional suppliers to confirm value for money of both services delivered in-house and those bought in.
8. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. All 2017/18 Xentrall specific internal audits have received full assurance.

CUSTOMER SATISFACTION

9. As part of Xentrall's balanced scorecard approach to performance management, partnership-wide customer satisfaction surveys are undertaken every two years and these involve canvassing service users and managers across both Councils. In addition, each of the Xentrall services seeks feedback and satisfaction levels as part of their daily service operations e.g. on an ICT call closure or the take-on of a new academy's payroll. All surveys are confirming high levels of satisfaction with an on-going upward trend. The table below shows the summary results of the most recent surveys. The next satisfaction survey will be undertaken later this year.

	Xentrall Customer Satisfaction (score out of 5)	
	Darlington	Stockton
2018/19	TBA	TBA
2016/17	4.3 	4.3 
2014/15	3.9 	4.1 
2012/13	3.7 	4.0 

2017/18 OPPORTUNITIES TAKEN & EXTERNAL BUSINESS RETAINED

10. Xentrall has continued to explore new opportunities for external business in-line with the partnership's objective of tactically growing the business. This has resulted in the following successes:
 - Xentrall HR were successful in winning and subsequently delivering the payroll service for 19 new schools and academies during 2017/18. This helps counter academies which have joined Multi Academy Trusts which have their own in-house services and have therefore withdrawn from the Xentrall service.
 - Xentrall HR also won the re-tender of Richmond Council's payroll service.
 - Xentrall Finance are also delivering finance services to 2 new schools.

- Both Xentrall HR and Finance services are also now being delivered to the South Tees Development Corporation.
11. As well as the above new activities, existing external customers have been retained and have signed up to new service level agreements for the current year. This is a significant achievement and a reflection of the value of Xentrall services. These include:
- All Xentrall services to the Tees Valley Combined Authority.
 - ICT services to Tees Active Leisure Ltd.
 - ICT services to Tees Valley Connexions.
 - ICT services to the North East Purchasing Authority (NEPO).
 - ICT hosting services to Northumberland County Council.
 - ICT services to Theatre Hullabaloo in Darlington.
 - Payroll and/or finance services to 85 academy customers overall.
12. Xentrall generated external annual income of around £1¼m continues to form a significant part of the overall Xentrall financial model.

2017/18 STOCKTON & DARLINGTON ACHIEVEMENTS

13. As well as providing services to external customers and generating income, Xentrall have continued to be busy delivering projects across Stockton and Darlington Councils.
- Supporting the proposal to develop a Regional Adoption Agency for the Tees Valley and the subsequent delivery of ICT, Design & Print, HR and Finance services to set up and support the newly created Adoption Tees Valley service.
 - Xentrall ICT and Design & Print supporting the national election in June.
 - Finance successfully implementing the new version of Agresso (now called Business World On!). A major achievement as this was the first major upgrade since 2010.
 - Finance again implementing new cash receipting and income management systems at Stockton and upgrading similar systems at Darlington.
 - HR supporting major recruitment campaigns throughout the year, including the take-on of staff for the Hippodrome Theatre at Darlington.
 - HR undertaking a major project for the procurement and implementation planning of the replacement of the PSE HR/Payroll system which will take place later in 2018/19.
 - Design & Print continuing to support numerous high profile projects and events across both Councils including; Dolphin Centre 35 Years branding, Hippodrome opening season publicity materials, Globe external graphics, 150 Years of DBC, Stockton Borough project signage as well as delivering other design and production projects during the year which include the annual events of Stockton SIRF, Darlington Festival of Ingenuity and Stockton Stages.
 - Design & Print also manage the print production of Stockton News and One Darlington household magazines.
 - ICT rolling out the new Vodafone mobile voice and data contract across both Councils.
 - ICT maintaining and successful retaining ISO, PSN and PCI certifications for both Councils.
 - ICT improving governance and security measures and awareness across both Councils including the delivery of improved risk management processes, improved password standards and the delivery of roadshows and briefings to teams.
 - ICT advising both Councils on the recommended approach for future desktop application provision using Microsoft 365.
 - ICT rolling out a new system to more efficiently and securely manage both Council's mobile phone estate.

- ICT replacing the data network and the firewall technologies within the data centre which is key to the functioning of the wider networking and ICT services as a whole.
 - ICT successfully deploying tablets and smartphones to all adult social workers in both Councils, thereby enabling smarter mobile working and realising efficiencies.
 - ICT also supporting an upsurge in tablets and smartphones
14. As with the specific social care project mentioned above, all Xentrall services support the transformation and service based projects in both Councils and help with smarter working through technology to improve all aspects of service delivery and the delivery of efficiencies. ICT alone have completed 50 service based projects across Darlington and Stockton.
15. A further achievement worthy of note were the national awards presented to Design & Print by APCOM (Association of Print and Communication Managers). Design & Print were runner-up in both Best Creative Design and Best Wide Format awards for two projects in Stockton.

LOOKING FORWARD TO 2018/19 AND ONWARDS

16. The current year will continue to be a busy one for all four of the Xentrall services. The “day job” involves delivering ICT systems to and supporting 4,500 ICT users, managing a payroll of 15,000, processing thousands of invoices and managing a very busy design and print studio. On top of this, amongst the many projects to be undertaken, significant ones will include:
- Implementing and exploiting the new HR/Payroll system for both Councils, the TVCA and all academy and external customers.
 - The deployment of Microsoft 365 as the new standard desktop software and assisting users of ICT with the exploitation these new facilities bring.
 - The continued investment in raising awareness on information security matters and minimising the associated risks both Councils face, whilst also retaining ISO, PSN and PCI certifications.
 - Continuing to engage with external customers to retain this business.
17. As with previous years, the continual service improvement mentality within Xentrall will be applied to leverage any further service improvements and/or savings for both Councils. Xentrall will also continue to assess new partnering and business opportunities as and when these arise, which fits in with its business plan of tactically growing the business and in turn help to support both Council’s Medium Term Financial Plans.

FINANCIAL IMPLICATIONS

18. The financial implications of the partnership were approved by Members when they approved the business case in November 2007 and the savings targets which were assigned have been exceeded. Further savings following a review of the service have also been approved by Members and are also on target. The savings delivered are built into the Council’s Medium Term Financial Plan.

LEGAL IMPLICATIONS

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

RISK ASSESSMENT

20. 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

21. 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

22. 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

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

Julie Danks
Deputy Chief Executive

Name of Contact Officer: Ian Miles
Post Title: Assistant Director (Xentrall Shared Services)
Telephone No. 01642 527012
Email Address: ian.miles@xentrall.org.uk

Education related? No

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:

Not applicable

Property

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