

People Select Committee

Overview Meeting 2018

Monday 26th February 2018

Xentrall Shared Services

Context

Members are well aware that as a Council we have had to adapt to funding reductions of £68 million over the last seven years and that we are still confronted with having to find further savings.

Whilst we acknowledge that we have a strong track record of sound financial management and we have been dealing with these problems successfully for many years, it will not be easy to address the additional loss of government funding of over £6 million by 2019/20. Moving forward, expectations will need to be realistic as many more difficult decisions will need to be made.

The challenge for all Members is to ensure that decisions about the basis on which services will be delivered are within the resources available, taking account of a number of factors such as reduced budget allocation, changing demographics, increasing demand, new national legislation and policy direction. Members are reminded of the four policy principles that support our decision-making:

- **Protecting the vulnerable through targeted intervention**, particularly those people in our communities who are subject to, or at risk of harm, people who are homeless or at risk of becoming homeless and those who are financially excluded or whose circumstances make them vulnerable.
- **Promoting equality of opportunity through targeted intervention**, specifically in relation to tackling health inequalities, meeting the skills gap and improving access to job opportunities, tackling fuel poverty, improving education and training opportunities, access to affordable housing and financial and digital inclusion.
- **Developing strong and healthy communities** through the provision of mainstream and preventive services that are available to all those who choose to access them.
- **Creating economic prosperity** across the Borough

It is within this context that the Select Committee is invited to undertake their overview duties.

Performance Reporting

Performance across the Council Plan has been reported on a six-monthly basis. This was reported to Executive Scrutiny Committee in September 2017 and January 2018, and then forwarded to members of each Select Committee with key issues highlighted by the Chair at their next meeting.

Xentrall Shared Services – Assistant Director – Ian Miles

Relevant services include:

- ICT and Design and Print Services
- Xentrall Finance and HR

Council Plan 2017-18

The Council Plan sets out the aims and objectives for all services and is refreshed on an annual basis.

The 2017-18 objectives under the Our Council theme are attached at **Appendix 1**.

Each year Cabinet receive an annual report on Xentrall Shared Services and the 2016/17 annual report can be seen at **Appendix 2**.

Emerging Issues

Service delivery is influenced by a range of internal and external factors that develop over time. Emerging challenges and opportunities across Xentrall Shared Services are summarised as follows:

- As with all Council services, Xentrall has further planned budget saving targets to achieve in future years. The partnership's success in terms of already ensuring its services are efficient means that additional reductions become even more difficult to achieve. In some cases, further planned savings are reliant on other Council services redesigning and improving their processes.
- These reductions in capacity also mean that any new external opportunities can be more challenging to investigate and develop, as teams manage the day job alongside these new projects. Similarly, not adversely impacting existing external services needs to be managed.
- The Council is heavily reliant on its ICT systems and data. Although technically designed to be resilient and secure, there are on-going and increased external threats, often targeted at end-users in the form of spam emails. Targeting end-users in this way can be an easier way to break into an organisation's systems, rather than trying to hack into firewalls and networks. An on-going user awareness programme is ensuring that such vulnerabilities and associated risks are understood by the ICT user community across the Council.

Potential Areas for In-Depth Review

Members are reminded that topics are being sought for the Scrutiny Work Programme 2018-19. Using the information provided as part of the performance updates and this Overview meeting, the Committee is invited to identify potential topics for review within this theme.

Potential topics will be considered at Executive Scrutiny Committee on 27 March.

There are no areas in line with Council policy priorities that are proposed for in depth reviews.

Appendix 1

Council Plan 2017-18 – Our Council

Our vision is of a Council that prides itself on being open, honest and fair. On leading by example. On having big plans and the determination to see them through. We're facing difficult financial challenges and we can't do all we used to do so we're facing some tough decisions. Throughout this we'll stay focused on delivering genuine value for money, on setting the highest standards of public service, on communicating clearly and regularly with the community we serve and on being challenging, innovative and well organized.

Key objectives and activities

Objective: **Continue to improve the efficiency and effectiveness of our services**

Appendix 2

AGENDA ITEM

REPORT TO CABINET

12 JULY 2017

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET DECISION

XENTRALL ANNUAL REPORT 2016/17

SUMMARY

This annual report allows Cabinet Members to review the progress and performance of Xentrall Shared Services, the Stockton and Darlington partnership, which was established in May 2008 and is now in its tenth year of the original ten year agreement.

RECOMMENDATION

It is recommended that Cabinet note the report.

DETAIL

1. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now in its tenth year of the original ten year agreement. 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 is now on target to make £13.6m 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. In recognition of this success, Members will recall they previously agreed to amend the original ten year period into an on-going rolling agreement.

VALUE FOR MONEY AND PERFORMANCE

4. The financial situation in both Councils has changed significantly since the original business case was made and the increase in budget savings achieved by Xentrall has continued to support both Councils Medium Term Financial Plans. Such reductions have mainly been achieved through staff savings resulting from more efficient ways of working. Xentrall staffing is now approximately 40% less than when the partnership started.
5. 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 and these confirm top quartile and above median performance. Design & Print also undertakes a price comparison benchmarking exercise against local and regional suppliers and again, this confirms value for money for both services delivered in-house and those bought in.

6. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services.

CUSTOMER SATISFACTION

7. As part of our balanced scorecard approach to performance management, Xentrall undertakes partnership-wide customer satisfaction surveys every two years by canvassing end 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.

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

2016/17 OPPORTUNITIES TAKEN & BUSINESS RETAINED

8. Xentrall has explored new opportunities 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 33 Middlesbrough schools and academies during 2016/17 and in addition a multi-academy trust consisting of four Middlesbrough and Redcar & Cleveland academies.
 - Xentrall HR and Finance also won payroll and finance system provision for 7 additional academies in Darlington and Stockton.
 - The hosting of Northumberland County Council's ICT equipment which following negotiations in the previous year was signed off in May 2016 and Northumberland's ICT presence has grown on-site during the latter part of the year and will continue to grow into 2017.
 - The provision of ICT services to NEPO (North East Purchasing Organisation) following lead-in negotiations in the previous year.
 - The investment in a large format printer which allows Design & Print to produce banners, posters and signage in-house, resulting in additional savings to both Councils.

9. 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. It is worth noting that no academies withdrew from the Xentrall service during the year. These services and repeat customers include:
 - ICT services to Tees Active Leisure Ltd.
 - Payroll services to Richmondshire District Council.
 - All Xentrall services to the Tees Valley Combined Authority.

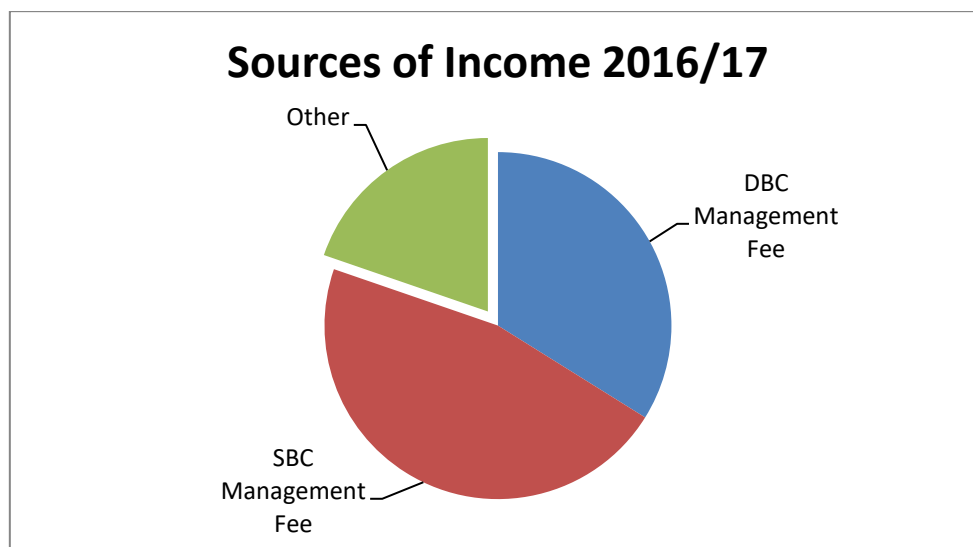
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- ICT services to Tees Valley Connexions.
- Payroll and/or finance services to 86 academy customers.

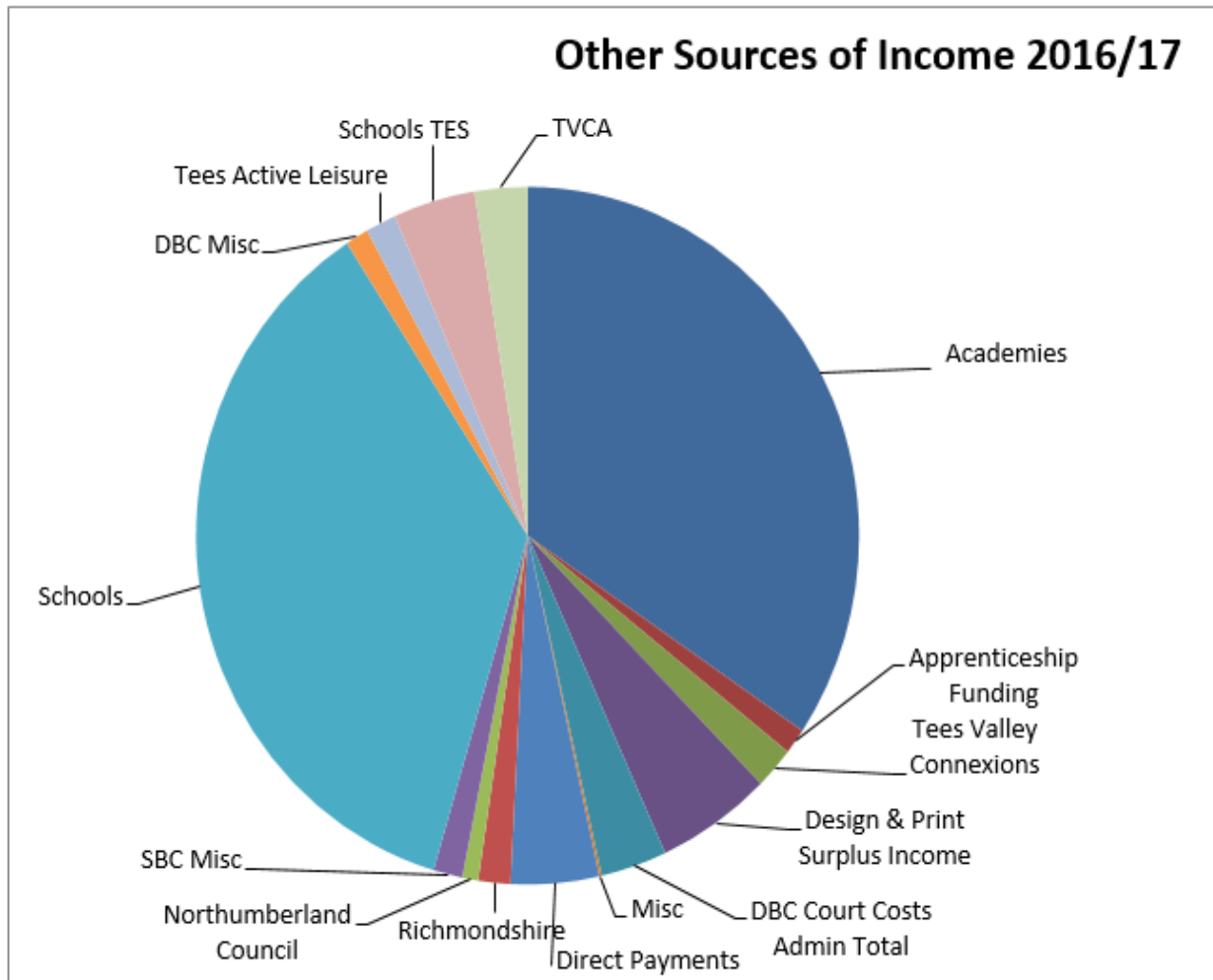
10. A significant part of the above achievement is the expansion of the payroll business and volumes over recent years. A typical circa 15,000 monthly payroll run now consists of the following customers, many of which are based outside the Stockton and Darlington area:

Payroll Customer	Monthly Payslips
Stockton Council	5,784
Darlington Council	2,173
Darlington Academies	2,057
Middlesbrough Schools	1,225
Stockton Academies	1,215
Middlesbrough Academies	862
Stockton Direct Payments	802
Richmondshire Council	350
North Yorkshire Academies	168
Durham Academies	158
Tees Valley Combined Authority	54
Tees Credit Union	4

11. The Xentrall generated external income continues to grow and forms a significant part of the overall Xentrall financial model:



12. To give an appreciation of the income generated by Xentrall services, the following pie chart shows a breakdown of the sources of the £1.28M “other income” raised during 2016/17.



13. Areas of income such as academies and Northumberland ICT hosting will continue to grow in 2017/18.

2016/17 STOCKTON & DARLINGTON ACHIEVEMENTS

14. As well as providing services to external customers and generating additional income, Xentrall have been busy supporting Stockton and Darlington Councils.

15. Although they are ever present, many of the services of Xentrall often go unnoticed or unseen. Thousands of invoices are processed and payments made, thousands of people are paid each month and thousands of staff sign onto ICT systems each day. Hopefully noticed are the eye-catching and informative event posters, leaflets, magazines, booklets, banners, signs and wraps that Xentrall produce or procure on behalf of both Councils. In addition to these and other successful large-scale daily operations, which include finance support to Stockton schools, the Xentrall teams also lead on many significant and transformational projects across Stockton and Darlington, as well as supporting many others. Some of these are outlined below.

16. During the year Xentrall Finance supported the creation of the Stockton Business Improvement District through changes to the income management system. The Xentrall Finance team have

also supported and advised Darlington Council in the process of changing its bank, which will deliver savings. The largest project the Finance team are currently working on is the planned major upgrade to both Council's finance system; Agresso. This will be implemented later this year. In advance of this, the version of Agresso used by academies has been successfully upgraded during 2016.

17. During the year Xentrall HR have been able to manage a 20% increase in volume of carer direct payments at Stockton. Similarly, through winning new external business the payroll managed by the HR team has increased significantly and now stands at around 15,000 staff per month, as detailed earlier. A large project for the team is the procurement of a replacement for the HR and payroll system PSE which is now end of life. This project continues into the current year, with an implementation expected in 2018. Alongside this project is a review of processes within HR to ensure any new system is exploited to the full.
18. Both the system changes mentioned above (finance and HR/payroll) will bring new facilities which can be exploited for service efficiency improvements by Finance, HR and services in general and this will form a key part of the implementations.
19. A number of projects have been completed by the ICT team. Many are behind the scenes technology improvements that maintain the service and often go unseen. These and some of the more visible projects are summarised below:
 - ICT retained ISO 27001 Information Security Management and ISO 9001 Quality Management Systems certifications and also retained the Payment Card Industry (PCI) certification for Darlington Council and the Government's Public Services Network (PSN) certification. These are important achievements as they allow both Councils to continue to share information and collaborate effectively with other public organisations and also to transact and share information securely with the public. Internally, they also form part of a continual service improvement regime within ICT services.
 - The ICT service has also been successfully audited by both Council's external auditors; Mazars and Ernst & Young.
 - ICT have procured and seamlessly implemented a new and improved server and storage infrastructure for the virtualised platform which runs all the ICT systems across both Councils on some 400+ servers. This was a major project which went unseen.
 - The implementation of a new anti-malware and ransomware security suite of products along with an end-point security solution (for mobile/remote workers), keeping our data and users safe, and our public reputation intact.
 - The on-going deployment of new network links between Council sites, improving both resilience and capacity, including an invest to save fibre network design for Council buildings in Stockton centre. The related project to replace and upgrade aging network equipment internal to Council buildings has also been completed successfully and the re-design of the core datacentre network is complete ready for implementation in 2017.
 - ICT have deployed additional communication tools across both Councils to aid individuals with mobile and smarter working, along with improving collaborative working within each Council, and ICT have been a critical part of the Smarter Working in Stockton initiative and the delivery of the "ICT experience room" as part of this programme.
 - ICT have undertaken extensive research and assessment of the future provision of desktop applications for both Councils and this major project continues as planned into 2017.

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- ICT and Procurement have completed the procurement for a new mobile telephony provider, with cut-over planned for 2017. As part of this ICT have procured and implemented a consolidated and simplified mobile device management system which will allow management of all Council smartphones, tablets and other mobile devices from a single point. This simplifies the process by replacing three existing systems. ICT have also made savings on both Council's telephone bills.
- Numerous other behind the scenes technical improvements have been made to maintain and develop the overall supporting ICT infrastructure, covering aspects such as performance, resilience and security.

20. As well as some of the central ICT infrastructure projects listed above, the ICT service has successfully completed a further 53 service specific projects for both Councils over the year. These have ranged from new system procurements and implementations, to major system upgrades, migrations and integrations.

21. The Xentrall Design & Print service has also had a very busy year having successfully completed in excess of 2,500 design and print based projects, covering everything from corporate plans or event guides, to point of sale signage or event staging. These projects are in addition to the day to day volume copying work they undertake for services. As examples, Design & Print delivered the design and materials for the Darlington Festival of Ingenuity (which won a Highly Commended Award from the national trade body) and also for the High Street of the Year national competition in which Stockton High Street won the Rising Star category and an associated development fund.

22. In addition to the project and operational achievements of Xentrall above, also worthy of note are the two awards Xentrall won as part of the 2016 Stockton Customer Service Awards. Scott Martin in ICT was the overall winner for the Star Employee Award and the wider ICT Service Desk team were Runner Up in the Team Award. A very good result for the Xentrall team.

LOOKING FORWARD TO 2017/18 ONWARDS

23. 2017/18, the tenth year of the partnership, will be as busy and as challenging as any of its predecessors. Amongst the many projects to be undertaken, significant ones will include:

- Supporting the proposal to develop a Regional Adoption Agency for the Tees Valley.
- Xentrall ICT and Design & Print supporting the national election in June, having already successfully supported the Tees Valley Mayoral elections in May.
- ICT rolling out the new mobile voice and data contract across both Councils.
- The implementation of the upgrade to the Agresso financial system and also the procurement and implementation planning for the replacement of the PSE HR and payroll system.
- ICT assisting Northumberland Council with ICT hosting.
- ICT maintaining ISO, PSN and PCI certifications for both Councils.
- ICT advising both Councils on the recommended approach for future desktop application provision as the current licensing model comes to the end of its life.
- All Xentrall services supporting the transformation projects in both Councils, helping smarter working with technology to improve all aspects of service delivery and deliver efficiencies.

24. 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

25. The financial implications of the partnership were approved by Members when they approved the business case in November 2007 and are on target for the tenth anniversary in April 2018. 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 Council's Medium Term Financial Plan.

LEGAL IMPLICATIONS

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

RISK ASSESSMENT

27. 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

28. 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

29. 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

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

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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.