

Overview Report

People Select Committee

Overview Meeting 2021

1 March 2021

Xentrall Shared Services

Context

The Council has a strong track record of sound financial management. In the current economic climate, finances are always going to be a challenge, and we work hard to make our budget go further. We have adapted to unprecedented funding reductions over the last eight years, saving around £53m. Our medium-term financial planning approach has allowed us to continually balance our budget through delivering savings and efficiencies but also to plan ahead and deliver invest-to-save schemes and innovative changes to service delivery models. We carefully target investments to stimulate economic growth, provide great assets and deliver financial returns to offset funding reductions.

Since the initial development of this Council Plan we have and still are experiencing the effects of the Coronavirus pandemic. Coronavirus provides huge challenges for us to address in terms of community and economic recovery and dealing with the long-term implications of the pandemic. We have reviewed our priorities for the coming year and have adapted these to reflect the focus that is needed to respond to this challenge.

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 the uncertain financial position, changing demographics, increasing demand, new national legislation and policy direction.

Members are reminded of the Council's Vision that supports decision-making:

- A place where people are healthy, safe and protected from harm, where
 - People live in cohesive and safe communities
 - People are supported and protected from harm
 - People live health lives
- A place with a thriving economy where everyone has opportunities to succeed, creating
 - A growing economy
 - Improved education and skills development
 - Job creation and increased employment
- A place that is clean, vibrant and attractive, creating
 - Great places to live and visit
 - Clean and green spaces
 - Rich cultural experiences

The Council plays its part in making sure this is achieved by being a Council that is ambitious, effective and proud to serve.

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Performance Reporting

Performance across the Council Plan was reported on a six-monthly basis to Executive Scrutiny Committee. Please see the link:

<http://www.egenda.stockton.gov.uk/aksstockton/users/public/admin/kab71.pl?cmte=SCR>

Xentrall Shared Services – Assistant Director – Ian Miles

Relevant services include:

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

Council Plan 2020-2023

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

The key priorities for 2020-21 for the Xentrall Shared Services themes are attached at Appendix 1.

Each year Cabinet receive an annual report on Xentrall Shared Services and the 2019/20 annual report presented to Cabinet in July 2020 can be seen at **Appendix 2**.

Emerging Issues

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

- To assist with balancing the Council's MTFP, Xentrall continues to deliver additional budget savings. 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, so Xentrall can reconfigure its own services in-line with the Council's needs.
- 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 income raising services needs to be managed.
- Responding to the Covid-19 pandemic has put unprecedented demand on Xentrall services, both in providing additional rapid-response technologies, equipment, payments and printed media, as well as continuing with the day-to-day services whilst home working. Xentrall continue to support the Council as the national and local response to the pandemic adapts and changes.
- Supporting Academies is a significant part of Xentrall HR and Finance activities and this generates associated income. When Academies transfer into Multi-Academy Trusts (MATs), sometimes these MATs have their own in-house HR and Financial services and consequently they migrate away from Xentrall's services. To date, this

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reduction has been countered by additional Academies coming on-board with Xentrall, but longer-term, there may be a down-turn in Academy business depending upon how the MAT landscape develops.

- 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 2021-22. 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 23 March.

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

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Appendix 1 – Council Plan - Key Priorities 2020- 2021 - Xentrall Shared Services

We are committed to being a Council that is ambitious, effective and proud to serve This means we will provide:

- Financial sustainability and value for money
- Dedicated and resourceful employees
- Strong leadership and governance

We have identified these key priorities for 2020/21 to help us achieve this vision. This year we will:

- Improve ways of working using technology, including learning from the arrangements put in place in response to Coronavirus

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AGENDA ITEM

REPORT TO CABINET

16 JULY 2020

REPORT OF CORPORATE MANAGEMENT TEAM

CABINET INFORMATION ITEM

Lead Cabinet Member - Leader of the Council – Councillor Bob Cook

XENTRALL ANNUAL REPORT 2019/20

SUMMARY

This annual report allows Cabinet Members to review the progress and performance of Xentrall Shared Services, the Stockton and Darlington partnership.

This annual report will demonstrate how Xentrall has delivered savings across the board whilst continuing to improve performance and customer satisfaction.

Key in year achievements have been the wider implementation of the new HR/Payroll system, development of additional financial services, further developments in both HR and Finance systems to retain our academy customers, successful high-profile publicity campaigns across the boroughs from Design and Print and the improvement in ICT systems, both to defend against the increasing threat from cyber-attacks, but also to enable the workforce to work remotely in an easy and secure manner.

REASONS FOR PRODUCING THIS REPORT

To allow Members to receive information about the progress of the partnership and acknowledge the continuing success of Xentrall and the £17.2m savings it has achieved over the eleven years since it was formed.

DETAIL

1. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now in its twelfth year. 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 of the partnership. The successful partnership has delivered all these plus additional efficiencies and benefits and

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has now achieved £17.2m of savings. At the same time the quality and performance of services have improved, with both customer and staff satisfaction increasing over the life of the partnership.

3. This significant achievement for a public/public partnership and it compares very well to other private sector partnerships many of which have failed over the same period or been brought back in-house for a variety of reasons. Both Councils have benefited both financially and through a continued programme of service improvements brought throughout the lifetime of the 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, which continues to this day.

VALUE FOR MONEY AND PERFORMANCE

5. Over the twelve 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.
6. 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.
7. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. All nineteen Xentrall-specific internal audits undertaken during 2019/20 have achieved full assurance and this mirrors the eighteen full assurance audits in the previous year. Together with a number of successful external audits and certifications, this confirms the health, robustness and good management of the services.

CUSTOMER SATISFACTION

8. 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, HR recruitment or the take-on of a new academy's payroll. All surveys have shown high levels of satisfaction.
9. The annual customer satisfaction survey had been originally postponed to take advantage of work Xentrall had led with CIPFA (The Chartered Institute of Public Finance & Accountancy) in reviewing their national benchmarking process. This was specifically in relation to customer satisfaction and assessing an ICT user's competency and confidence in using technology and systems. The result of this work is now a more relevant and modern set of national questions. Unfortunately, a number of additional factors combined to impact resourcing in this area which has pushed back our participation in this annual benchmarking exercise. Now back on track, our customer surveys which form a key aspect

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of this benchmarking have been just issued in June, with the full return for ICT being submitted to CIPFA happening in the autumn. HR and Finance services are also to benchmark with CIPFA this year as part of their two-year cycle. The results of these benchmarking exercises will be reported in the next annual report.

2019/20 OPPORTUNITIES TAKEN & EXTERNAL BUSINESS RETAINED

10. Xentrall continues to explore new opportunities for external business as and when these arise, in-line with the partnership's objective of tactically growing the business. During 2019/20 HR have taken on some business as new schools join our existing academy trusts customers and also during the year ICT have undertaken additional development work for Adoption Tees Valley, the Local Safeguarding Children Board and the Combined Authority. In addition, our existing external customers have been retained and have signed up to new service level agreements for the current year. These include:

- All Xentrall services to the Tees Valley Combined Authority
- Finance and HR services to the South Tees Development Corporation
- ICT services to Tees Active Leisure Ltd
- ICT services to the North East Purchasing Authority (NEPO)
- ICT hosting services to Northumberland County Council (now a three-year agreement)
- ICT services to Theatre Hullabaloo in Darlington
- Payroll and/or finance services for 111 academy payroll groups
- Bursary service to Stockton schools (soon to be a three-year agreement)

11. Xentrall generated external annual income of over £1m continues to form a significant part of the overall Xentrall financial model.

2019/20 STOCKTON & DARLINGTON ACHIEVEMENTS

12. As well as providing services to our external customers and generating income, Xentrall have continued to be busy delivering projects across Stockton and Darlington Councils;

- a) HR continuing the roll-out of the new HR/Payroll system (ResourceLink) to our academy customers and the Combined Authority and Development Company and have also been working closely with both Councils HR Advisory services in the specification and procurement of a new online recruitment system.
- b) HR have also been busy integrating new school payrolls into our existing academy trust customer payrolls.
- c) Finance implemented a major upgrade to the Financial system for academies as well as implementing a new single bank account model for Multi-Academy Trusts, thus retaining their business.
- d) Finance implemented a new payment system across services which allows portable card payments to be taken while visiting customer contact centres and with customers off-site.
- e) Finance also implemented the changes required across the two Councils and the Combined Authority to comply with the Government's Making Tax Digital programme for VAT payments.

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- f) We have also been working with Stockton schools to develop a three-year agreement for bursary services and to recruit into the team to support this approach and provide a degree of stability.
 - g) As well as the usual what's on and smaller event promotional materials, Design & Print have been key in the production of many high-profile public events across both Councils. Examples being;
 - SBC – Stockton Stages, SIRF, Cycling Festival, Supercar Saturday, City Games, Norton Advent Trail
 - DBC – Festival of Ingenuity, Bookfest, Business Week, Darlington 10K
 - h) Design & Print have also been responsible for the production of the many development site promotional signage and hoardings across both boroughs.
 - i) High profile public consultation work across both boroughs has also been a key part of Design & Print's work schedule e.g. SBC Town Centres and DBC Central Library.
 - j) ICT have continued to develop the supporting core infrastructure of the Councils, with improvements to remote connectivity, further development of the network and telephony system and firewall upgrades, and enhancements to our backup programme.
 - k) Security is always prominent in the work of ICT and we have benefited from further developments in biometric user sign-in and authentication systems, improved management of remote laptops and smartphones, patching the software of our thousands of devices, together with enhancements to our perimeter defence systems, such as virus protection and threat detection.
 - l) ICT also reviewed the desktop roll-out business models for both Councils and as a result have been implementing PC and laptop refreshes across the user estate.
13. All Xentrall services support transformational and service-based projects in both Councils through using technology and systems to improve all aspects of service delivery and the delivery of efficiencies. ICT alone have completed 48 service-based projects across Darlington and Stockton during 2019/20. These have been wide and varied and have ranged from the new Stockton Crematorium ICT systems and mobilising Darlington social workers, to Autocad upgrades and migration of Connexions IT systems. Shared projects also continue to be part of the benefit of the partnership, with a recent example being a joint procurement of a new contact centre telephony system for Darlington and Stockton.
14. Alongside our project achievements, Xentrall were also a finalist in the 2019 APSE Service Awards in the category of Best Collaborative Working Initiative (with other public or third sector) and Design & Print were twice Highly Commended for their work in the 2019 APCOM awards (Association of Print and Communication Managers).

LOOKING FORWARD TO 2020/21 ONWARDS

15. This year is turning out to be like no other and Xentrall have had a very busy time since March when we got to grips with hurriedly mobilising both Councils whilst also putting in place various special arrangements for all the side-effects of the UK COVID-19 lockdown which relate to paying suppliers and paying our staff. All this, at the same time as protecting and mobilising our own services and staff and running all the vital day-to-day services that the Councils rely on, but often go unseen. We did this, while self-isolating and social distancing like everyone else.
16. A snapshot of these recent Xentrall activities and achievements is shown below.

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Xentrall HR

- Went live with phase 3 of payroll on ResourceLink for over 3,500 staff in Academies
- Kept paying almost 16,000 people, whilst implementing an upgrade to ResourceLink
- Quickly set up all of our staff working from home, including testing of all required links to systems such as BACs and HMRC
- Completed Year End on ResourceLink and the old PSE system
- Set up emergency process for payment of staff in case of system failure

Xentrall Design & Print

- Produced hundreds of critical information letters for different services via the re-directional postal service set up between D&P and the Post Room
- Continued to support “business as usual” services with provisions for daily/scheduled print items such as Landlord/Benefits letters, direct payments notifications and printed payslips
- Supported key projects by producing items such as urgent labels or menu sheets for the food boxes and information leaflets on Covid-19 and producing vital signage and packs for the town centres, Council offices, markets, schools and the converted sports hall at Thornaby Pavilion
- Installed (against the odds!) the large key message sign located at the Stockton Hotel Car Park and looking out onto the riverside with a vital Public Health England “Stay at Home” message

Xentrall Finance

- Achieved all of our year-end processing to deadlines set before lockdown and despite staff being displaced
- Completed year-end system changes and reconciliations working jointly from remote locations. This was slow going but down-time was minimal for Council services taking into account the unusual circumstances we were in
- Maintained service delivery on day to day processing to ensure Academies are supported, suppliers are paid promptly, and customers are billed accurately where direct debit collection is in place
- Supported both Councils in processing grant funding payments to small businesses and retail, hospitality and leisure sectors. In a two-week window, Creditors processed over 2,900 payments totalling over £33m in state funded aid and all in addition to our usual supplier and interfaced payments
- Put additional payment runs in place for Stockton, Darlington and Academies in to ensure we get money to suppliers as soon as possible
- Assisted both Councils in the set-up of payment systems to Support Hubs for vulnerable /shielded individuals who require assistance with shopping and medicines pick up
- All teams have also continued to support business as usual and mostly working from home

Xentrall Schools Finance

- Working through and putting the finishing touches to annual budget closure for Stockton schools
- Undertaking the above, whilst being rapidly mobilised and getting used to working with schools remotely

Xentrall ICT

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- Rapidly rolling out 140 laptops across Stockton and Darlington and 400 Jabber iPhone installs, taking us to over 2,500 people using softphones instead of physical handsets
 - Implementing Microsoft Teams to the whole workforce across both Councils to enable better collaborative and remote working
 - Intensive behind the scenes work on the network, firewall, antivirus, remote connectivity infrastructure that supports a massive increase in remote workers, from originally around just over 100/day to now thousands
 - Mobilising our Service Desk and associated systems to being home-based and assigning additional staff to help manage the upsurge in calls, with ICT staff pulling together and taking on roles they haven't previously experienced
 - Scouring suppliers for ICT kit, including elusive laptops and headsets (the pasta and toilet roll of the ICT world)!
 - Delivering innovative IT solutions to enable both Stockton and Darlington Support Hubs to become a reality
 - Remaining calm and level-headed throughout and ensuring the wrong decisions weren't taken due to pressures and urgency and a measured approach and the longer-term view prevailed, thus keeping the Council's systems and data safe
 - Delivering innovative solutions to keep some large older service applications running and available in a remote working environment
 - Providing a stream of user information and self-help guides to support home working
 - Keeping all the normal systems and services running that you'd expect on a daily basis from ICT, including upgrades, COVID-19 hot-fixes to systems and year-end processing
 - Continuing to deliver Council-wide changes behind the scenes to improve the remote working experience whilst mitigating the risk associated with applying this to a fully remote workforce
17. Since the UK restrictions came into place during March, Xentrall have continued to provide a full range of services and underpin the vital functions of the Councils, whilst in addition, stepping up and providing additional services specifically in response to the pandemic situation. None of what we have achieved collectively could have been done without the dedication of all the teams across Xentrall and the years of investment in our systems, processes and most importantly the professionalism and skill of our staff. So much effort and additional hours have been put in and we continue to do so to ensure everything runs as seamlessly as possible. Acknowledgement must also go out to our service users who have co-operated and been understanding throughout. We've had some brilliant feedback.
18. In terms of the remainder of 2020/21, Xentrall will continue to follow the Council's instructions regarding COVID-19 safety whilst supporting all services in their own remote service delivery activities. As well as supporting the original emergency planning aspects of the pandemic, Xentrall are also integral in the recovery planning and activities taking place.
19. Xentrall will continue to also help both Councils retain the benefits that have been gained through mass home working and to help exploit the technology enabled opportunities and innovation that have also arisen across services.
20. In addition, the following is an overview of the more "normal" projects and initiatives that will be undertaken during this year alongside the day-to-day operations of these busy services:

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- a) HR will continue to roll-out new modules across the new HR/Payroll system, including; training, health & safety and occupational health.
 - b) HR will implement a new direct payments system (payments to carer assistants) to significantly reduce the current levels of administrative this takes.
 - c) HR will also continue to develop the reporting capability of the new system and target further service improvements.
 - d) Finance will implement a major upgrade to our corporate financial system Business World On! (aka Agresso).
 - e) Finance are also undertaking new finance system builds for the Combined Authority and Development Company, as well as implementing a new format of accounts for academy customers.
 - f) Finance will also be implanting upgrades to a number of satellite and feeder systems to the main ledger system.
 - g) Design & Print have several systems, equipment and procurement framework reviews planned during this year which will ensure the service remains efficient and cost effective. A review of hybrid mail options in conjunction with Stockton's Administrative service is also underway.
 - h) ICT will be continuing to develop and promote the benefits of the Microsoft 365 platform alongside other remote working and productivity enhancing technologies.
 - i) ICT will also be reviewing some more of our core technology architecture platforms, including; virtual server estate, telephony and networking, all of which underpin the Council's ICT systems and remote working platforms.
 - j) All services will continue with their respective governance, external inspection and certification regimes throughout the year. These ensure the effective operation of the services and a safe & secure interaction with other agencies for all external on-line transactions and data sharing both Councils undertake on a daily basis. These include the two ISO assessments for ICT and the BACS assessment for Finance, both of which have been recently achieved and the PSN (Public Services Network) certification of ICT services earlier this year.
21. 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.

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