

REPORT TO CABINET

16 JULY 2026

**REPORT OF CORPORATE
MANAGEMENT TEAM**

CABINET INFORMATION ITEM

Portfolio Title – Lead Cabinet Member – Councillor Paul Rowling

Xentrall Shared Services Annual Report 2025/26

Summary

This annual report allows Cabinet to review the progress and performance of Xentrall Shared Services.

Reasons for Recommendation

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

Recommendation

1. It is recommended that Cabinet note the report and acknowledge the continuing success of Xentrall over the eighteen years since it was formed.

Background

1. Xentrall Shared Services is a public sector partnership between Stockton-on-Tees Borough Council (SBC) and Darlington Borough Council (DBC). Established in May 2008, Xentrall is now in its eighteenth year working jointly with both Councils supporting them in the delivery of their services.
2. The services delivered by the partnership are:
 - a. Xentrall Design & Print (Printing Services, Design Services, Displays & Exhibitions)
 - b. Xentrall Finance (Creditors, Debtors, Banking, Income, System Support & Development)
 - c. Xentrall HR (Payroll, Pensions, Recruitment, System Support & Development)
 - d. Xentrall ICT (Service Desk, End User Device Management, Platform, Applications, Architecture Strategy, Information & Cyber Security)

3. The initial aim of Xentrall was to improve service performance and reduce the cost of the functions it delivers by £7.4m over the original ten-year period of the partnership. Xentrall surpassed this financial expectation by delivering £14m savings across the same period as reported to Members over previous years.
4. The quality and performance of services have also improved over the lifetime of the partnership through a range of past and continuing service improvements and developments.
5. This is a 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.
6. In recognition of the on-going success of the partnership, in 2015 Members agreed to amend the original ten-year period into an on-going rolling agreement which continues to this day.
7. The partnership is governed by the Xentrall Executive Board, namely the Director of Corporate Services (SBC) and Executive Director – Resources and Governance (DBC), and is managed by the Assistant Director (Xentrall Shared Services).

Employees and staffing

8. Xentrall has approximately 150 full time equivalent employees based in Stockton and Darlington. All Xentrall services continue to have low sickness levels and high levels of staff satisfaction. Workforce planning and development is an ongoing process to ensure all services have the capacity and skills to effectively manage the daily challenges of such critical services, together with planning future service improvements and developments.
9. The last year has seen some changes in the focus and capacity of the Xentrall services to improve service resilience and meet changing service demands. Additional senior management and service improvement capacity has been created within Xentrall HR and a new cyber security team has been developed within Xentrall ICT.

Customers - internal

10. Each of the Xentrall services seek customer feedback and satisfaction levels as part of their daily service operations. This instant feedback drives immediate operational service improvement responses on an ongoing basis.
11. Wide-ranging customer satisfaction surveys have generally been undertaken in SBC and DBC every two years throughout the life of the partnership. These involve canvassing service users and managers across both Councils. The last main customer survey was undertaken during 2024, resulting in a score of 3.9 out of 5. This is lower than Xentrall's all-time peak scores in 2020 and 2021 during the pandemic (4.5 out of 5) but is still relatively high and consistent with previous results.
12. Xentrall will continue to monitor customer satisfaction in both Councils in future surveys.

Customers - external

13. Xentrall continues to enjoy successful ongoing contractual relationships with a number of external customers. We also explore new opportunities for external business as and when these arise, which is in-line with the partnership's objective of tactically growing the business.
14. This continues to form a significant part of the overall Xentrall financial model and thereby reduces the funding required from both Councils. Xentrall generated external annual income of over £1.2m from external customers during 2025/26.
15. Existing services to external customers include:
 - a. All Xentrall services to Tees Valley Combined Authority
 - b. Design & Print services to a range of ad hoc external customers
 - c. Finance and HR/Payroll services to SBC maintained schools
 - d. Finance and HR/Payroll services to academies across the North East
 - e. Finance and HR/Payroll services to South Tees Development Corporation
 - f. HR/Payroll services to North Yorkshire Citizens Advice & Law Centre
 - g. HR/Payroll services to Middlesbrough and Redcar & Cleveland schools
 - h. HR/Payroll services to SBC Direct Payment Clients
 - i. ICT and Finance services to Tees Active Leisure Ltd
 - j. ICT services to Theatre Hullabaloo in Darlington
 - k. ICT services to North East Purchasing Authority (NEPO)
 - l. ICT services to Northumberland County Council

Finance and value for money

16. Since the formation of the partnership in 2008, the financial situation in both Councils has changed significantly as a result of reductions in local government funding and more recently with high levels of inflation. Throughout, Xentrall has continued to support both Councils in achieving balance in their respective Medium Term Financial Plans. This has mainly been achieved through staff savings resulting from more efficient ways of working across all service areas, as well as cost reductions arising from partnership joint procurement. The additional pressure of inflation and the increasing cost of technology software and hardware continues to be a concern, particularly at renewal points in contracts for goods and services.
17. In 2025/26 Xentrall's core net budget is approximately £7.5m, funded jointly by SBC and DBC. In addition, Xentrall manages approximately £2.9m in shared ICT costs on behalf of SBC and DBC.
18. To accompany previous cost reduction exercises, all of the Xentrall services used to take part in national benchmarking schemes to ensure that service quality was not compromised and to confirm that a balanced approach was used to measure improvements and success. At that time these comparators confirmed the low cost of the services provided by Xentrall. As reported previously, during the pandemic these activities were paused and now post-pandemic the national programmes have ceased. In the absence of this comparator, Xentrall services continue to monitor service performance and remain alert to any new benchmarking programmes, should they arise.

Performance

19. Xentrall uses a balanced scorecard approach to performance management. This incorporates performance indicators covering the four interconnecting perspectives of employees, customers, service efficiency and cost.
20. The service efficiency key performance indicators for both SBC and DBC are:
 - a. Finance - Invoices paid within 30 days
 - b. Finance - bank reconciliation completed within 5 days of month end
 - c. HR - accuracy of payroll payments
 - d. HR - employee contract issued on or before start date
 - e. ICT - ICT incidents resolved within agreed service levels
 - f. ICT - availability of ICT systems
 - g. ICT - availability of ICT network
21. In 2025/26 all but two of the key performance indicators were at or above target. The timeliness of completing DBC's bank reconciliation was recovered in time for the financial year end and is subject to a range of ongoing improvements to ensure performance is within target in future. The timeliness of paying invoices slipped slightly in the first quarter of the year owing to some short-term staffing issues, the backlog was cleared in quarter 2 and performance returned to normal/target levels in quarters 3 and 4.
22. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. 97% of the Xentrall control checks undertaken by the Council's Internal Audit team during the year have achieved a green assessment, those in exception are minor in nature and work is in progress to address them.
23. The Xentrall ICT service successfully maintained certification in ISO standards 27001 (Information Security Management) and 9001 (Quality Management) and was re-certified for continued access to the Government's Public Services Network (PSN).
24. The Xentrall Finance and Xentrall HR services successfully maintained the BACS Accredited Bureau status following a full audit by Pay UK.

SBC & DBC achievements

25. Xentrall continues to be a critical element in the continued effective functioning of both Councils. This covers a range of vital recurring tasks and services plus providing critical support to organisation-wide and service-based projects in. A snapshot of some of the Xentrall activities and achievements over the last year is shown for each of our services in the following paragraphs.
26. Xentrall Design & Print highlights - the production of digital graphics, operational print, marketing, promotional, advertising, report and signage materials for:
 - a. Changes to waste and recycling (SBC & DBC)
 - b. Stockton & Darlington 200 (S&DR 200) (SBC & DBC)
 - c. Stockton-on-Tees News & One Darlington
 - d. Developing Darlington, Darlington Hippodrome Theatre, Hopetown Darlington, Dolphin Centre (DBC)
 - e. Learning & Skills, Library Services, Fostering Services (SBC & DBC)
 - f. Stockton Crematorium and Register Offices (SBC)
 - g. Support of Stockton's Powering our Future programme with the centralisation of outbound post, electoral packs and volume print for Revenues & Benefits (SBC)

- h. Hoarding projects including Golden Eagle Demolition Thornaby (SBC), Riverside Businesses at Jewson's Yard (SBC) and Dolphin Centre Redevelopment (DBC)
- i. A wide variety of campaigns across both Councils including Let's Talk (SBC), Oral Heath Darlington (DBC), Smoking Cessation (DBC) and Holidays Are Fun (SBC)
- j. Recognition and award ceremonies including Stronger Communities Awards (DBC), Annual Colleague Awards (SBC), Stars Awards (SBC) and Social Worker of the year (DBC)
- k. Events including Stockton International Riverside Festival (SBC), Destination STEM Darlington (DBC), La Voix Exhibition Preston Park (SBC), Love your local market (SBC), Armed Forces Day (SBC), Proms in the Park (DBC), Darlington 10k, 5k & Junior 3k runs, Rhythm & Tunes Weekender (DBC), Norton Advent Trail (SBC), Ice Sculpture Trail (DBC), Stockton Sparkles (SBC)
- l. A whole range of other regular requests for digital graphics along with recurring high volume printing tasks such as school admissions correspondence, travel permits, resident parking permits, adult social care surveys, rent statements, landlord statements, green garden waste packs, food dietary/allergen information stickers and resident consultation packs etc (across both SBC & DBC)

27. Xentrall Finance highlights:

- a. Processed and paid around 73,000 creditor invoices for SBC, DBC and Tees Valley Combined Authority
- b. Over 11,000 sundry debtor invoices worth around £85 million issued
- c. Over £1 billion in cash income transactions posted and reconciled
- d. Working with SBC and DBC to implement the Supplier Incentive Programme
- e. Expansion of Lingfield Academy, increasing Xentrall income
- f. Successfully migrated BACS processing software to a cloud hosted environment

28. Xentrall HR highlights:

- a. Maintained consistent payroll service delivery across more than 140 payrolls, supporting over 15,000 employees
- b. Implemented car mileage claims via MyHR from November 2025, delivering cost savings by reducing reliance on additional finance system modules (SBC & DBC)
- c. Introduced overtime payments on the MyHR self-service portal for SBC, following the DBC rollout in 2024/25
- d. Developed recruitment dashboards to support workload management and provide visibility of active vacancies, onboarding timelines and recruitment trends
- e. Improved a number of processes including the DBS renewals process through automation of proactive notifications to managers and employees ahead of expiry dates
- f. Delivered three mandatory Payroll and HR system upgrades, including comprehensive user acceptance testing, ensuring security compliance and alignment with pay-related legislation.

29. Xentrall ICT highlights:

- a. Resolved over 37,000 user incidents and requests, with 95% resolved within target and a happy customer satisfaction rating of 94%, 80% of all user incidents and requests were logged via our self-service portal which is available 24/7 and accessible across a range of corporate devices
- b. Successfully retained Cabinet Office certification for the PSN (Public Services Network).
- c. Gained recertification for the ISO standards 27001 (Quality Management Systems) and 9001 (Information Security Management).
- d. Continued the ongoing programme of device refresh, with 681 replacement laptops for SBC and 368 for DBC

- e. Completed 36 separate ICT-related projects supporting a diverse range of service improvements in Xentrall, SBC and DBC including the introduction of Artificial Intelligence tools such as Magic Notes and Microsoft Copilot
- f. Increased our cyber security capability through the creation of a new team with dedicated cyber security roles, implemented a new cyber security operations centre with a specialist cyber security partner delivering 24/7/365 monitoring, alerting and isolation of cyber threats
- g. Completed a refresh of environmental management systems in the primary data centre in DBC's Town Hall including new resilient air conditioning and fire suppression systems
- h. Implemented the new secondary data centre in SBC's Dunedin House, this state-of-the-art facility improves availability and reliability of Stockton and Darlington systems whilst reducing running costs and carbon footprint

Looking forward

30. As can be seen from the above, Xentrall continues to perform very well and deliver developmental projects alongside its day-to-day services to both Councils and external customers.

31. Looking forward, activities will include:

- a. Xentrall Design & Print will continue to support both Councils, working closely with their respective Communications Teams and other services to ensure they all receive the creative and technical support and solutions they need. The service continues to promote digital output options and (by using our specialist software) the centralisation of volume print in the hope that it will reduce printing volumes overall at both Councils.
- b. Xentrall Finance will continue to work with both Councils and have a number of projects planned or underway. These include implementing the migration of the main finance system and income management systems to cloud-hosted solutions and the introduction and development of the Supplier Incentive Scheme.
- c. Xentrall HR will continue to work with both Councils and external academy customers in the exploitation of the HR/Payroll system and the MyHR employee interface and app, legislative changes will continue to be applied to the system in a timely manner, as will the application of any pay awards as and when agreed.
- d. Xentrall ICT will continue to support both Councils and external customers, delivering information and technology solutions underpinned by a refreshed ICT Strategy. Major projects already in flight and on track including the refresh and upgrade of the network across all Darlington and Stockton sites, a review and refresh of the core server and storage infrastructure which supports over 400 applications as well as the design and development of our cloud infrastructure. There will also be an ongoing programme of further work to enhance our security posture as we look to counter the ever-evolving cyber threat.

32. In addition to the above programme and 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 where possible. Outside of this programme, Xentrall will continue to assess new business opportunities should these arise as this approach aligns with the Xentrall business model of tactically growing the business, which in turn helps to support both Council's Medium Term Financial Plans.

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