

**AGENDA ITEM**

**REPORT TO CABINET**

**13 JULY 2023**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET INFORMATION ITEM**

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

**XENTRALL ANNUAL REPORT 2022/23**

**SUMMARY**

This annual report allows Cabinet Members to review the progress and performance of Xentrall Shared Services, the Stockton and Darlington partnership and it will demonstrate how Xentrall has delivered savings across the board whilst continuing to improve performance and customer satisfaction.

**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 savings it has achieved over the fifteen 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 sixteenth year. The Xentrall services are:
  - ICT (strategy and operations)
  - Transactional HR (payroll, pensions, 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 arrangement has delivered all these plus additional efficiencies and benefits and significant additional savings as reported to Members over previous years. At the same time the quality and performance of services have not been compromised but improved, with both customer and staff satisfaction increasing over the life of the partnership.
3. 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 and 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.

## **VALUE FOR MONEY AND PERFORMANCE**

4. 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 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, as well as cost reductions arising from partnership joint procurement.
5. 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. Maintaining service provision alongside the pressures of the pandemic meant that these benchmarking activities were paused, however, post-pandemic, these national programmes have now ceased. In the absence of this comparator, Xentrall services will continue to monitor service performance and will remain alert to any new benchmarking programmes, should they arise.
6. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. Fifty-one of the Xentrall control checks undertaken by the Council's Internal Audit team during the year have achieved a green assessment, with just one other check categorised as amber. In addition, the Xentrall ICT service achieved a full three-year recertification in both Information Security Management and Quality Management System ISO standards and also was recertified for continued access to the Government's Public Services Network (PSN).

## **CUSTOMER SATISFACTION**

7. As part of Xentrall's balanced scorecard approach to performance management, partnership-wide customer satisfaction surveys historically have been undertaken every two years, and these involve canvassing service users and managers across both Councils. In addition, each of the Xentrall services seeks customer feedback and satisfaction levels as part of their daily service operations e.g. an ICT call closure, or the take-on of a new academy's payroll. The main two-year survey was last completed in June 2020 and both this and the daily surveys confirm high levels of satisfaction, with the main survey showing our highest average customer satisfaction across Xentrall of 4.5 out of 5 (equivalent of 90% satisfaction). Post-pandemic, the resumption of this customer survey is planned for 2023/24.

## **SUCCESSION PLANNING**

8. 2022/23 was a very significant year in terms of changes to the Xentrall Management Team. The retirement of the Finance Manager, the HR Manager, and the ICT Projects & Applications Manager, meant the loss of possibly one hundred years combined experience in their respective professions within the Councils, and this could have been a significant risk to the partnership. This combined with the resignation of the other and most senior ICT Manager (ICT Strategy & Operations Manager) earlier in 2022 could have formed the perfect storm.
9. I am pleased to report however that through a combination of succession planning, effective recruitment, documented standards and procedures, and a timely, cooperative and effective handover, a smooth transition has taken place, which has not impacted Xentrall services. The new management team are settling into their lead roles very well. They are getting to grips with the daily challenges of our continued service provision, together with planning future service and team developments.

## **2022/23 OPPORTUNITIES TAKEN & EXTERNAL BUSINESS RETAINED**

10. Xentrall continues to 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. Following the pandemic, 2022/23 felt like a more normal year, with some movement on academies as academies join multi-academy trusts (twenty-two gains and fifteen losses), and other existing customers retained. A new two-year agreement has been reached with Stockton maintained schools for the bursary service. These customers include:
- a) All Xentrall services to the Tees Valley Combined Authority
  - b) Finance and HR services to the South Tees Development Corporation
  - c) ICT services and finance system to Tees Active Leisure Ltd
  - d) ICT services to the North East Purchasing Authority (NEPO)
  - e) ICT hosting services to Northumberland County Council
  - f) ICT services to Theatre Hullabaloo in Darlington
  - g) Payroll services for 149 academy payroll groups and Finance services to twelve academies/trusts
  - h) Payroll to Richmond Citizen Advice Bureau
  - i) Payroll to twelve Middlesbrough and six Redcar & Cleveland schools
  - j) Payroll and Employer Support to Direct Payment Clients at Stockton
  - k) Bursary service to Stockton schools
11. Xentrall generated external annual income of over £1m continues to form a significant part of the overall Xentrall financial model and thereby reduce the Xentrall funding required by both Authorities.

## **2022/23 STOCKTON & DARLINGTON ACHIEVEMENTS**

12. As well as providing essential services to our external customers and generating income, Xentrall continue to be a critical element in the continued effective functioning of both Councils. A snapshot of some of the Xentrall activities and achievements is shown below.

### **Xentrall HR**

- Maintained service delivery to over 150 individual payrolls encompassing more than 17,000 staff.
- Continued with ongoing support to both Councils in changes to reporting to allow the monitoring Covid-related absences.
- Processed the annual pay award at short notice in November 2022, for both teachers and the council employees, which included back-pay.
- Year-end processing completed successfully within the required deadlines.
- Produced major reports required for; School Workforce Census, Social Work England and Gender Pay Gap.
- Procured a contract to allow the migration of the HR/Payroll system to the cloud version as the on-premise application will no longer be developed or supported by the supplier.
- Began project work on the implementation and migration to the cloud system.
- Implemented the use of document storage and overtime payments via the MyHR app to all schools and academies.
- Progress made with the configuration of 'My Team Changes', allowing the completion of leaver forms by managers through the MyHR app.

### **Xentrall Design & Print**

- Continued to support all service areas across both Councils by playing a vital role helping to support all the significant events throughout the year. All whilst managing a lack of available materials in the market and associated increase in costs. A snapshot of events being:

- Darlington Hippodrome Theatre: supporting marketing and signage material including the 'What's on' brochure and the key pantomime building window covers.
- Queen's Jubilee Celebrations, including promotional activities across both Councils (including general messages and advertisements along with bunting, party packs, plates, cups, napkins, bags and so on).
- Town Centre Development messaging across Stockton's six towns and Darlington (for key sites such as Stockton Swallow Hotel/Castlegate, Yarm Town Hall and Darlington Head of Steam Railway Museum and Darlington Library).
- SIRF (Stockton International Riverside Festival).
- Death of Queen Elizabeth II: key messaging in digital and print formats, garden of remembrance signage.
- 'Meet Mike' Stockton's new Chief Executive communication campaign.
- Darlington Fireworks.
- Stockton Sparkles and Norton Advent Trail.
- Darlington Dolphin Centre work to support marketing and signage material including the likes of 'Gym refurbishment' and main 'Pool redevelopment and closure'.
- Electoral voter information change to now require 'Photo ID to vote'.
- Alongside these prominent events, Design & Print have produced many day-to-day, but still vital items such as; Stockton Customer Service Awards, 1000s of Bus Stop Timetables across both Boroughs, Stockton's Council Tax Annual Billing printing, Darlington's Northumbria In Bloom, along with the continued production of Stockton-on-Tees News and One Darlington magazines and Learning and Skills prospectuses at both Councils.
- Daily print jobs also include; daily post, re-directional or volume copier/print work, Stockton agenda copying, payslips, bus passes, resident permits, Darlington garden waste packs and so on.

### **Xentrall Finance**

- Achieved year-end processing, system changes and reconciliations on Business World On (aka Agresso) to deadlines set by both Councils.
- New software implemented to aid the submission of payments through BACS.
- Stockton Income Management Upgrade to cloud hosted Pay360 system.
- Worked closely with the Darlington Systems Team in setting up new funds to allow taking online payments in the Webstore.
- Conversion and upgrade of Agresso reports to allow for older report decommissioning.
- Conversion of Horizons School to an Academy configuration in Agresso to allow for further expansion in 2023.
- Worked with Lingfield Academy to improve Agresso reporting allowing further growth of their school numbers using Agresso.

### **Xentrall Schools Finance**

- Continued to provide a well-regarded bursary service to our maintained Stockton schools, assisting Head Teachers in times when funding is often tight due to falling pupil numbers, combined with pressures around pay awards and utility costs. The service provides quality budget, budgetary control and forward planning materials to Stockton schools in order that they remain financially solvent.
- Agreed a new two-year agreement with the remaining eighteen Stockton schools to March 2025.

### **Xentrall ICT**

- Successful recertification to the government's secure Public Service Network (PSN) which allows secure transfer of data between Council and government systems.

- Preparation for the June external annual review of the ISO27001 (Information Security Management) and ISO9001 (Quality Management) certifications, both of which combined with the PSN certification feed into other corporate and external audits e.g. NHS.
- Completed work with the National Grid and GCHQ to review and strengthen the resilience of the Council's power and communication infrastructure, "Project Yarrow", in the wake of the war in Ukraine and the resultant energy provision concerns.
- Continued with the delivery of high levels of availability for ICT systems by completing scheduled maintenance for both data centres and the installation of new backup batteries within the UPS (Uninterruptable Power Supply) at Darlington. A new backup device for the main Darlington data centre was also installed, and a review of the main network links between both Councils was undertaken.
- Continued to support the approach for flexible and agile working across Stockton & Darlington Councils with the completion of the annual laptop refresh programme for over 700 devices. A laptop specification review and volumes for the new financial year have also been completed. Device refresh in 2023/24 will be more than double as ICT start to replace laptops issued early in the pandemic.
- Preparations and planning for Stockton's future move from Municipal Buildings to Dunedin House. This includes backup data centre and network moves, as well as ensuring the building's ICT serves the Council's agile workforce as they move across.
- Completed a review of the Council's Anti-Virus solution which will result in a strengthened approach across both servers and laptops.
- Continued to help deliver a programme of migration of data into Microsoft Teams across both Councils providing services with improved facilities for information management, governance and collaboration.
- Completed a strategic review of the existing Microsoft licencing model with an aim to consolidate more ICT systems and gain increased efficiency and functionality in this area. An example being the migration to Teams Telephony. A project which has been underway in recent months.
- Continued to monitor and enhance the Council's approach to ICT security and take action when alerted to external risks and threats e.g. Capita cyber-attack.
- Preparations for the 3G mobile service switch-off and later the digital switchover in 2025 and a move away from the public analogue telephone network.

13. All Xentrall services support organisation-wide and service-based projects in both Councils through using technology and systems to improve all aspects of service provision and the delivery of efficiencies. ICT alone have completed thirty-two service-based projects across Darlington and Stockton during 2022/23. These have been wide and varied and have included a large number of upgrades and enhancements to systems, and the procurement and implementation of new systems such as the Darlington Town Centre Wi-Fi implementation, an electronic document and signature solution for Darlington tenancy agreements, contextual safeguarding file collaboration improvements in Stockton (using Microsoft 365 for better sharing and collaboration with external agencies) and upgrading the Stockton Planning Portal and supporting infrastructure.

## **LOOKING FORWARD TO 2023/24 ONWARDS**

14. As can be seen from the above, despite the internal and external challenges faced by the partnership, Xentrall continues to perform well and deliver developmental projects alongside its day-to-day services to both Councils and external customers. The negative impact on supplies caused by the pandemic and war in Ukraine is subsiding, but the additional pressure of inflation continues to be a concern, particularly at renewal points in external contracts.

15. Looking forward, Xentrall activities will include:

- a) Xentrall overall will continue to assist with both Council's approaches to agile methods of working and promote and exploit the various technologies we have to support this.
- b) HR will be undertaking the system migration from on-premise into the cloud. There will also be continued development and exploitation of the main ResourceLink system and the associated MyHR app for the benefit of both Councils and our academy customers. The team will also continue to engage and take on new academy business as and when opportunities arise.
- c) Finance will be continuing with their Payment Card Industry accreditation work. They will also be working with NEPO on a new banking contract. Behind the scenes the team will continue their work on Agresso upgrades for both the Academy customers and both Councils.
- d) As more of our data moves to be hosted in the cloud, ICT will continue to strengthen the security posture of both Councils and our external customers, with the introduction of new anti-virus technologies, as well as supporting information governance colleagues in the assessment and remediation of malicious threats or breaches to 3<sup>rd</sup> party systems external to the Councils. In addition, further exploitation of our investment in the Microsoft 365 suite of products will see new Office-based features becoming available to ICT users as well as improved tools and features for ICT analysts working behind the scenes supporting and securing systems. The work on preparing for Stockton's move to Dunedin House will continue with the ICT focus on flexibility and collaboration, built upon a layer of security and connectivity. Following initial success in Darlington, improved meeting and conference room technologies are being deployed wider across the Councils.
- e) Design & Print will continue to support both Councils, working closely with their respective Communications Teams and other services to ensure they all receive the solutions they need. The service will continue to look for cost savings in materials and production as well as maintaining its buying skills and intelligence when sourcing external services. Service improvements will also include web-based job, daily post and volume print/copy portals for user requests.

16. 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, should these arise. This aligns with its business plan of tactically growing the business, which in turn helps to support both Council's Medium-Term Financial Plans.

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