

**AGENDA ITEM**

**REPORT TO CABINET**

**18 JULY 2024**

**REPORT OF CORPORATE  
MANAGEMENT TEAM**

**CABINET INFORMATION ITEM**

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

**XENTRALL ANNUAL REPORT 2023/24**

**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 whilst continuing to improve performance and deliver strategic projects.

**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 sixteen 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 seventeenth 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. 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.
6. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. Forty-two of the Xentrall control checks undertaken by the Council's Internal Audit team during the year have achieved a green assessment. In addition, the Xentrall ICT service successfully achieved 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 have generally 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.
8. The main two-year survey was undertaken during the 2023/24 financial year and results were down (3.9 out of 5) on Xentrall's all-time peak scores in 2020/21 (4.5 out of 5, during the pandemic). Up to that point, satisfaction scores had shown a gradual increase in each survey. The peak during the pandemic and reduction post-pandemic was also observed nationally by SOCITM (Society for Innovation, Technology & Modernisation), commenting that ICT users have short memories in relation to the appreciation for the changes in working that ICT provided during the pandemic. Xentrall will continue to strive to increase customer satisfaction and re-establish the trend of increasing satisfaction scores in future surveys.

## **SUCCESSION PLANNING**

9. As reported, the previous year (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, together with the ICT Strategy & Operations Manager moving on, could have been a significant risk to the partnership. Eighteen months on I am pleased to report that the new managers in these posts have settled in very well and are driving their respective services forward whilst effectively managing the daily challenges of such critical services, together with planning future service and team developments. This transition has gone very well indeed.
10. Change never stops however, and this sixteenth annual report sees my own retirement from head of Xentrall as I enter my fortieth year in public service. Handover plans are in place and next years' annual report will be authored by Ian Coxon, who is stepping into my role in June 24. Ian is an Assistant Director at Stockton and has previously worked alongside me at this same level as we formed and developed Xentrall in its first eight years (2008-2016). I took over the management of all of Xentrall in 2016. A smooth transition will take place between Ian, myself and the Xentrall management team.

## **2023/24 OPPORTUNITIES TAKEN & EXTERNAL BUSINESS RETAINED**

11. 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. 2023/24 saw some movement on academies as they join multi-academy trusts (six gains and ten losses). Work is already underway for the take-on of new academies in 2024/25 which will counter these reductions. We are also mid-way in our two-year agreement with Stockton maintained schools for the bursary service and work will commence in the summer to draft a new SLA for April 2025. Other existing customers who were retained 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 133 academy payroll groups and Finance services to ten academies/trusts and Tees Active.
  - h) Payroll to North Yorkshire Citizens Advice & Law Centre
  - i) Payroll to nine Middlesbrough and five Redcar & Cleveland schools
  - j) Payroll and Employer Support to Direct Payment Clients at Stockton
  - k) Bursary service to Stockton schools
12. 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.

## **2023/24 STOCKTON & DARLINGTON ACHIEVEMENTS**

13. 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 16,000 staff.
- Processed the annual pay award for all employee groups at very short notice, with thousands of back-pay calculations needed.
- Year-end processing completed successfully within the required deadlines.
- Produced major reports required by the Office of National Statistics for both Councils and also support with School Workforce Census, Social Work England and Gender Pay Gap reporting.
- Migration of the HR/Payroll System from on-premise to a cloud-based version and then the development of interactive reporting and user-access apps including; HR Power BI Dashboards, MyPayPro and the MyHR App.
- Introduction of the MyHR App to both Councils and all our academy customers, allowing employees to access MyHR from their own mobile devices with no requirement for PC access or a Council device. This easier access provides employees the ability to update and check their profiles, check payslips, submit hours claims and managers the ability to authorise requests and input sickness wherever they are. Darlington employees and managers are also able to book and authorise holidays and some types of overtime payments are also managed via MyHR.
- Roll out and completion of 'My Team Changes', allowing managers the ability to complete leaver forms directly into the MyHR system, thereby reducing administration.

- Upgrades were undertaken to the HR/Payroll System to keep up to date with all statutory requirements.
- Worked with both Councils on Employer NI savings for apprentices.
- Implemented the use of document storage for Darlington and continue to support Stockton with their migration of HR data into Teams.
- Supporting Stockton's Powering our Future programme with Workforce Planning, building data sets needed to allow the creation and improved data sharing abilities.
- Working with ICT colleagues in the provision of McCloud related data requests for Teesside Pensions.
- Working with North Yorkshire Pensions on the build of an iConnect report, which will improve data and remove the need for leaver forms.
- Again, with the support from ICT, HR made progress on pension year end data files, to improve the accuracy of pension data, calculations and remove some of the manual work required in year-end processes.

### **Xentrall Design & Print**

2023/2024 has seen Design & Print continue to support all service areas across both Councils and probably all high-profile campaigns. This whilst managing challenging increases in costs in materials and services. From such a large and wide-ranging variety of projects completed during the year, a selection is as follows:

- Support materials in preparation for the celebration of His Majesty the King's Coronation.
- Preparations for elections across both Councils (Local, Police Crime Commissioner, Tees Valley Mayor).
- Support of Annual General Meeting (AGM) at Stockton.
- Darlington Hippodrome Theatre supporting marketing, promotional, signage and exhibition materials including the 'What's on' brochure, digital adverts and large-scale displays and promotions.
- Development of Powering Our Future brand for wider rollout at Stockton.
- HOPETOWN DARLINGTON, supported the project and wider team across a vast variety of promotions, adverts, displays, and signage along with brand guidance and implementation for interpretation boards and merchandise.
- Support for both Council's Events Teams by producing materials for the likes of SIRF (Stockton International Riverside Festival) and Stockton Sparkles, along with Darlington's Summer Show and the Darlington 10k.
- In Living Memory Exhibitions throughout Stockton and Preston Hall Museum.
- Darlington Crown Street Library signage, marketing and packs for reopening of the historical library.
- Leisure Services work for Dolphin Centre to support all areas of marketing, promotions and signage including the likes of Pool Reopening, Gym Membership promotions and Café Bistro offers.
- Stockton Town Centre Development sites - Yarm Town Hall, Thornaby Phoenix House, Stockton Castlegate and Town Hall, Preston Hall and Museum and Norton High Street.
- Darlington Town Centre promotions for accreditations such as Northumbria in Bloom, alongside wider generic campaigns with the likes of Welcome to Darlington (promoted around the town and in the train station) and material used at the Great Yorkshire Show.
- Darlington Jobs Fair including the promotional material, directional signage, give-aways and the Jobs Newspaper.
- Many other regular/daily tasks are completed by the service outside of these projects and these would include the likes of daily post for Stockton and volume Print for Post for Darlington. Adult Social Care surveys for both Councils, Stockton Annual Council Tax Main Bill printing and daily benefit notification letters, P45's, P60's and Payslips, Rent Statements, Landlord or Garage statements, re-directional/large volume copier work and Stockton Meeting Agenda copying and Darlington Garden Waste.

- Design & Print has also worked closely with NEPO (North-East Purchasing Organisation) as key advisor for the national framework for Print Production and Cut Size Paper contracts.

### **Xentrall Finance**

Another busy year in Finance has seen:

- Incorporation of duties from Stockton Cashiers (Banking/Creditors) as a result of the closure of the cashiers service.
- PCI DSS (Payment Card Industry Data Security Standard) accreditation for both Councils for banking.
- Expansion of payment methods for Stockton debts to Post Office and Payzone.
- Expansion of Lingfield and Swift Academies, increasing Xentrall income.
- Successfully completing year-end processing to required deadlines.
- Successfully implementing system changes and reconciliations on Business World On (aka Agresso Finance System).
- Improved performance in Creditors for invoice registering, with higher volumes and lower staffing levels.
- Begun preparations and supplier negotiations in relation to the future migration of the on-premise finance system (BWO/Agresso) to a cloud-hosted model.

### **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.
- Assisting Stockton schools in the lead-up to academisation.

### **Xentrall ICT**

- Successful ISO & PSN certifications as mentioned above.
- Completed the migration of corporate data from on-premise folders to Microsoft Teams Cloud for both Councils, paving the way for greater collaboration.
- The refresh of 300 laptops maintaining high levels of availability and reliability across the Darlington and Stockton ICT estate. Also enabling teams that previously had no access to corporate technology through projects such as the 50 new devices for the Stockton Schools Catering Service.
- Migrated the Microsoft Licence from E3 to E5 to take advantage of benefits such as enhanced security features, Power Bi reporting and anti-virus tools.
- Preparing the ICT that supports the PCC and Tees Valley Mayoral elections.
- Increased the security of laptops with the deployment an improved anti-virus solution as part of our E5 subscription above.
- Further underpinning the approach to flexible working by completing the move away from the traditional/fixed Cisco Telephony solution to Teams voice and video calls.
- Commenced a programme of improvement for network provision across both Councils and an approach for the avoidance of future refresh costs.
- Design and delivery of the Dunedin House ICT infrastructure (Stockton's new main offices). This is the first Council building to be Wi-Fi by default. It also integrates building management systems and introducing Teams Rooms as a collaborative meeting space solution at Stockton.
- The design and build of a new backup ICT datacentre in Dunedin House in preparation for the move from Municipal Buildings and its future closure. This will also reduce our overall carbon footprint.

- Refresh of the firewall Infrastructure both Darlington and Stockton data centres, increasing performance and paving the way for an upgrade to our Internet connections.
- Introduction of the new customer service desk system (FreshService) improving customer service and reporting. The system encompasses call management, asset management and workflow so will improve processes such as starters and leavers and licence management.
- Introduction of new Internet connections (10x the current speed) whilst delivering a financial saving against the existing contract.
- Implementing a new virtual server platform, which underpins all the 300+ Council systems we support. The platform spans both data centres increasing availability and reliability.

14. 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 eighteen service-based projects across Darlington and Stockton during 2023/24. These have been wide and varied and have included many upgrades and enhancements to systems.

## **LOOKING FORWARD TO 2024/25 ONWARDS**

15. As can be seen from the above, despite the wider environmental challenges faced by the partnership, Xentrall continues to perform very well and deliver developmental projects alongside its day-to-day services to both Councils and external customers. The additional pressure of inflation continues to be a concern, particularly at renewal points in contracts, although despite this, in some ICT cases additional value has been gained.

16. Looking forward, activities will include:

- a) Xentrall overall will continue to assist with both Council's approaches to agile and flexible methods of working and promote and exploit the various technologies we have to support this.
- b) HR will continue to work with both Councils and academy customers in the exploitation of the HR/Payroll system and the MyHR employee app. Development continues on interactive dashboard reporting to assist in workforce management and planning. 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.
- c) ICT will be redesigning aspects of the network, including work on a full refresh of the wide area network across the Darlington and Stockton eighty-six sites. This new design will also deliver savings over the life of the contract. ICT will also be reviewing and enhancing security in relation to cloud data backups and implementing a new incident response support arrangement, both of which will reduce the impact of any security breach, should one occur. Further exploitation of the new ICT service desk system is also planned by the team.
- d) 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 is looking to reduce the number of prints produced on the copier fleet at both Councils and are developing a web-portal to allow staff to send documents directly to the print room for a more cost-effective production.
- e) Finance have a number of projects planned or underway which include; implementing improved secure payment options, achieving the higher level 4 certification for PCI-DSS payments and a banking contract renewal towards the end of the year, but the main activity will be the contract negotiation and associated project for the migration of the main finance system (BWO/Agresso) to a cloud-hosted service which will take place in 2025.

17. In 2024/25 both Councils are now working on a programme to assess future partnering opportunities which may result in additional services being provided within the successful Xentrall public-public partnership model. This potentially could be a new chapter for Xentrall and an opportunity to build on and widen its success.
18. 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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