XENTRALL SHARED SERVICES ANNUAL REPORT 2015-16

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio

Paul Wildsmith, Director of Neighbourhood Services and Resources

SUMMARY REPORT

Purpose of the Report

Summary

1. The Darlington/Stockton partnership went live on 1 May 2008 and the purpose of this report is to present the eighth Xentrall Annual Report to Cabinet.

Summary

2. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now eight years through the original ten year partnership agreement. The Xentrall services are:-

    (a) ICT
    (b) Transactional HR (payroll, recruitment, sickness absence)
    (c) Transactional Finance (creditors, debtors, banking)
    (d) Design and Print

3. 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. It 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. In recognition of this success, Members previously agreed to amend the original ten year period into an on-going rolling agreement.

4. The main measure of success is in meeting our budget and savings targets and it is worth repeating the inclusion of a graph from last year's annual report which encapsulates this. The Xentrall year on year cost is shown, with 'Baseline' representing the real terms budget for the Xentrall services as they would have been in both Councils had Xentrall never existed and 'Actual' showing the real terms cost looking backwards and forwards. The cumulative difference between Baseline and Actual equates to the total £13.6m savings over the ten year period

from 2008 to 2018, eight years of which have already been realised, with the remaining two years on target.

Recommendations

5.   It is recommended that Cabinet note the report.

Reasons

6.   The recommendation is supported to allow Members to receive information about the progress of the partnership.

Paul Wildsmith
Director of Neighbourhood Services and Resources

Background Papers

No background papers were used in the preparation of this report.

Ian Miles: Extension 157012

S17 Crime and Disorder	There are no crime and disorder issues in this report
Health and Well Being	There are no health and wellbeing issues in this report
Carbon Impact	There are no carbon impact implications in this report
Diversity	There are no diversity issues in this report
Wards Affected	The issues in this report apply to all wards
Groups Affected	No particular groups are affected by this report
Budget and Policy Framework	The report does not propose changes to the budget or policy framework
Key Decision	The report does not require a key decision
Urgent Decision	The report does not require an urgent decision
One Darlington: Perfectly Placed	The subject matter of the report supports the Sustainable Community Strategy
Efficiency	The partnership will deliver significant savings for the council and these are built in to the approved medium term financial plan.

MAIN REPORT

7. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now eight years through the original ten year partnership agreement. The Xentrall services are:

   (a) ICT
   (b) Transactional HR (payroll, recruitment, sickness absence)
   (c) Transactional Finance (creditors, debtors, banking)
   (d) Design and Print

8. 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. It 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. In recognition of this success, Members previously agreed to amend the original ten year period into an on-going rolling agreement.

9. The main measure of success is in meeting our budget and savings targets and it is worth repeating the inclusion of a graph from last year's annual report which encapsulates this. The Xentrall year on year cost is shown, with 'Baseline' representing the real terms budget for the Xentrall services as they would have been in both Councils had Xentrall never existed and 'Actual' showing the real terms cost looking backwards and forwards. The cumulative difference between Baseline and Actual equates to the total £13.6m savings over the ten year period from 2008 to 2018, eight years of which have already been realised, with the remaining two years on target.

Xentrall Actual vs. Non-Partnership Projection

Value for Money and Performance

10. The financial situation in both Councils has changed significantly since the original business case and the increase in budget savings 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.

11. 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.

12. Design and Print also undertake a price comparison benchmarking exercise against local and regional suppliers. Again, this showed a good performance by comparison with others providing similar print services. The service also continues to achieve its income targets.

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

2015/16 Darlington and Stockton Achievements

14. A new build of the finance system for Stockton's new management structure was completed, with this being done in parallel to both year-end processing and the creation of the finance and payroll structures necessary for the launch of the Tees Valley Combined Authority. All three activities were completed successfully and on time.

15. In addition to the above, throughout the year there have been improvements made to business processes, which include; the upgrading of BACS processing to support changes in Internet security, pension auto enrolment changes, P45 mail merge and triggered leavers letters. A microsite has also been developed for advertising senior posts and the team have participated in jobs fairs.

16. 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 :-

    (a) ICT has successfully retained ISO Information Security and Quality Management certifications from BSI and also maintained Government Public Service Network (PSN) certifications for both Councils and Payment Card Industry (PCI) certification for Darlington Council. ICT have also passed a rigorous Microsoft software licensing audit undertaken by Ernst and Young. 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 are also part of a continuous service improvement programme within ICT.

(b) ICT have implemented email classification with integrated encryption for sensitive items.

(c) The ICT network has continued to be upgraded along with Wi-Fi roll-out.

(d) A new secure means of mobile access to Council systems has been rolled-out.

(e) As well as the central architecture projects, the ICT service has also successfully completed 43 service based projects across both Councils.

(f) ICT has also been running a number of procurements, including; server/storage renewal and mobile telephony. The benefits of these will be delivered in 2016/17.

17. Design and Print also continue to work with the Communications Teams in both Councils, in supporting services with major campaigns, such as One Darlington magazine, Stockton Sparkles, Stockton Cycling Festival and the Dolphin Centre re-fit. These campaigns were undertaken alongside the high number of day to day design and printing needs. In support of this work, new digital print equipment was successfully installed during the year.

2015/16 Opportunities Taken

18. As well as the achievements outlined for both Councils above, Xentrall has explored new business opportunities in-line with the partnership's objective of tactically growing the business. This has resulted in the following:

(a) The future provision of ICT hosting facilities to Northumberland County Council.

(b) The future provision of ICT services to NEPO (North East Purchasing Organisation).

(c) The provision of payroll services to Richmondshire District Council.

(d) The provision of payroll services to the Tees Credit Union.

(e) The provision of all Xentrall services to the Tees Valley Combined Authority.

(f) The provision of payroll and finance services to academies. The number of academy customers has increased to 44 during 2015/16. This number varies from year to year as Xentrall takes on new academies, but sometimes increases can be off-set by existing customers leaving to join Multi-Academy Trusts, which often have their own in-house service providers. This year has seen a net increase of seven.

19. In addition to the above and following a competitive exercise, Xentrall are currently in detailed discussions with 27 Middlesbrough schools and academies for the future provision of payroll services. This will represent a significant increase in the number of schools/academies supported and will be a key activity in 2016/17.

Looking Forward

20. 2016/17, the ninth year of the partnership, will be as busy and challenging as its predecessors. Amongst the many projects to be undertaken, significant ones will include:

    (a) Bedding in both the Northumberland and NEPO ICT services above.

    (b) Procurement and migration to a new mobile telephony/data contract for both Councils.

    (c) Procurement and migration to new server/storage infrastructure which underpins all ICT systems in both Councils.

    (d) Migration to the latest version of the Agresso finance system for both Stockton and Darlington Councils, which will be preceded by a migration of all academies.

    (e) Procurement of a new HR and Payroll system, with preparation for migration in 2017.

    (f) Completion of the ICT network roll-out.

    (g) The provision of payroll services to Middlesbrough schools and academies.

    (h) Maintaining ISO, PSN and PCI certifications.

21. As a key part of measuring its impact and success, Xentrall will also be undertaking customer and staff satisfaction surveys in 2016/17 in-line with its two year cycle.

22. As with previous years, the continuous 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.