CABINET
12 JUNE 2012

ITEM NO. ....

XENTRALL SHARED SERVICES ANNUAL REPORT

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio

Responsible Director - Paul Wildsmith, Director of Resources

SUMMARY REPORT

Purpose of the Report

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

Summary

2.   It has been four years since Xentrall Shared Services, the Stockton and Darlington partnership, was established. It has now delivered all the efficiencies and main benefits outlined in the original business case and, with the additional savings identified, it is on target to make £9.2m savings over the ten year period of the partnership.

Recommendation

3.   It is recommended that the report be noted.

Reasons

4.   To all Members to receive information about the progress of this partnership.

Paul Wildsmith
Director of Resources

Background Papers

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

Sue Reay : Extension 157018

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
Sustainability	There are no sustainability issues 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 SCS
Efficiency	The partnership will deliver significant savings for the council and these are built in to the approved medium term financial plan.

MAIN REPORT

Information and Analysis

5. It has been four years since Xentrall Shared Services, the Stockton and Darlington partnership, was established. It has now delivered all the efficiencies and main benefits outlined in the original business case and, with the additional savings identified, it is on target to make £9.2m savings over the ten year period of the partnership.

Our Resources

6. The original business case identified £7.4m savings over ten years with the efficiencies to be delivered by April 2015. The partnership is on track to exceed this saving by £2m and has delivered all the efficiencies 2 years early. This means that from 2012/13 the partnership will be delivering over £1.1m savings every year, shared between the two Councils.

7. The savings figure includes an adjustment of £314k per year reduction in Design and Print income. Both Councils have reviewed their services and have centralised the communications function, they also identified significant savings their Design and Print budgets. The impact of this was a reduction in demand for the Xentrall service. To manage this down trend in demand, Design and Print has been restructured to ensure it remains a cost effect service.

8. The Creditors, Debtors and Payroll services are benchmarked for quality of service and overall cost of the service, using the CIPFA benchmarking service. The unit cost for all of these services has reduced every year and value for money continues to be a focus for Xentrall.

9. In addition to the savings which contribute to the Xentrall business plan, other savings have been delivered through joint procurement of ICT equipment and licences. These additional savings are fed directly into each Council's medium term financial plan:-

    (a) A PC and laptop reverse auction achieved up to 39% saving in the cost of a device, saving of over £620k over the two year contract based on previous PC/Laptop procurement spend.

    (b) A review of desktop licensing provides a cost avoidance of £573k over six years.

    (c) Aggregating software licences for both Councils and renegotiating the contract avoided increased costs of £215k over 5 years for desktop virus protection and £248k over 5 years for web and email filtering.

Our People

10. A considerable part of the partnership savings have come from efficiencies in the staffing budgets. Over the four years there has been a reduction of over 28% full time equivalent in staffing.

11. In this changing environment therefore, it was important that employee satisfaction and absence were monitored carefully. Xentrall has undertaken two employee surveys since the partnership was established, the next employee satisfaction survey will take place in 2012. In addition to the surveys, there continues to be regular engagement with employees through quarterly meetings with the unions and annual employee workshops. Sickness absence has reduced every year from 12.44 days in 2008/9 down to 6 days in 2011/12.

12. All ICT employees have undertaken the Foundation Qualification in the IT Infrastructure Library (ITIL) standard. This has been used to develop and improve the ICT procedures.

13. A number of employees have been trained in a Business Process Review technique known as LEAN. Some of whom have achieved NVQ Level 2 qualification. This technique is being used to improve processes across all service areas.

Our Customers

14. Xentrall has been externally assessed against the Customer Service Excellence standard and achieved full compliance with the standard.

15. To improve communications with its customers, Xentrall has established an Intranet which is updated regularly with relevant information about the service and any changes to the service. Customer newsletters are also produced on a six monthly basis.

16. Customers are surveyed every year from which an improvement programme is developed and implemented. These are supported by service specific reviews which have involved customers and the Xentrall teams working together in looking at processes with the aim of improving the performance of the service and delivering further efficiencies to both Councils.

Our Business

17. There have been a considerable number of improvements to performance and service delivery over the last four years. Set out below are the some of the major improvements that have had an impact on our customers.

18. A new computer room has been built in Darlington which services both Councils. It is set up to use the latest technology and is more resilient than the previous two computer rooms.

19. A new disaster recover suite has been built in Stockton to provide additional resilience to the ICT service in both Councils, this delivers off-site back up facilities for the Darlington computer room.

20. A programme of Virtualisation (moving from several computers to fewer larger computers) has reduced the cost of support.

21. There is now a combined Service Desk system serving both Councils. This has led to improvements in customer service and in the management information available. This project was recognised recently in the Municipal Journal Awards with a Commended award in the Transformation through ICT category.

22. Development of an on-line recruitment module means that managers have instant access to all recruitment information. Applicants submit their applications on-line and the information is automatically uploaded into the HR system.

23. The introduction of an on-line absence management reporting system means that absence triggers are notified to managers on the same day they occur. This swift reporting enables timely interventions to be put in place ensuring the employee receives the support they need.

24. The HR system for both Councils has been merged into one system, reducing the annual licence fees, system maintenance and support. This has also been done with the financial system.

25. HR self-service has been developed. This enables employees to access and update their own information and payslips are now available electronically to those who have the relevant access.

26. All financial processes have been reviewed and either automated or improved. This has led to significant improvement in overall service. Current performance for creditors is 94% of invoices processed within 30 days.

27. A review of the current printer/scanner/photocopier and fax technology in both Councils has resulted in a joint procurement of new multi-function printers. This project is expected to deliver further financial savings and will also help to reduce carbon emissions.

28. The ICT service has achieved ISO27001 security standard certification, ISO9001 quality standard certification and is currently working towards BS25999 which is the Business Continuity certification.

Business Development

29. One of the objectives of the partnership was to expand the business where appropriate and Xentrall has continued to look at options for increasing income to the partnership.

30. ICT has retained several key external customers. For example, in May 2011 Vela Homes was formed from the merger between Tristar Home and Hartlepool Housing. Vela chose Xentrall ICT as the supplier to design and implement their new ICT platform which was a significant technical challenge. This meant that Xentrall was able to retain a valuable customer

31. Xentrall has been working in partnership with UNIT4 (the provider of the Councils financial system) to develop a solution for delivering a financial system to Academies. Because of this, Xentrall is now delivering its services to 21 Academies of which four are outside the area. UNIT4 have also expressed an interest in developing further collaboration opportunities which could lead to additional income to the Councils.

32. The Transactional Finance service has achieved BACS Bureau status which means that it can now process BACS on behalf of other third party organisations such as the Academies.

33. The Stockton Schools Finance team have now joined the partnership, further strengthening the services to schools at a time when more of them are considering converting to Academies. This is important because the schools provide income to the Councils.

34. Xentrall was recently approached by North Tyneside Council who have been looking at alternative ways of delivering their services in order to make significant savings. Xentrall considered the opportunity of working with North Tyneside, however, decided not to proceed because the scope of their procurement included services which are not in Xentrall.

Next Three Years

35. Now that the original business case has been delivered, it is important to develop a vision for Xentrall moving forward.

36. Both Councils continue to face challenges and change due to the financial situation of ongoing reduced government funding. Xentrall needs to ensure it is best placed to respond wherever necessary.

37. Therefore an outline three year vision has been proposed:

    (a) Continue to improve our services
    (b) Create value for Stockton and Darlington
    (c) Tactically grow the business

38. The aim of this vision is to continue to identify efficiency savings in Xentrall and the wider Councils; ensure that ICT and information systems are securely and effectively utilised across both Councils; and, deliver additional income wherever possible.

Outcome of Consultation

39. Regular customer feedback is undertaken as part of our service delivery quality assurance process. Any issues identified are used to inform the Xentrall service improvement programme. During 2012 a full employee survey will be undertaken.