**CABINET
21 JUNE 2011**

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. Xentrall Shared Services went live on 1 May 2008 and the purpose of this report is to present the third Xentrall Annual Report to Cabinet.

Summary

2. An annual report is to be presented to both Darlington Borough Council and Stockton Borough Council following the year end. The annual report sets out the achievements during the year and the performance out-turn.

Recommendations

3. It is recommended that the report be noted.

Reason

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.

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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 direct implications to Carbon Emissions which this report needs to address.
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

5. This is Xentrall Shared Services third annual report. This year has been very challenging for the service, not only has it implemented major improvements across all services it has also completed a fundamental review which identified further changes and additional budget savings.

Our Business

6. The partnership is continuing to deliver the objectives set out in the original business case. The services have been standardising and automating their processes to enable them to meet the savings in the business case.

7. In August 2010 a fundamental review of Xentrall was undertaken for two purposes: firstly to ensure it was fit for purpose following its establishment in May 2008 and secondly to identify further savings in response to the budget pressures facing both Councils. The review identified a further £400k a year savings, which will be realised from 2012.

8. Services across Stockton and Darlington Councils have continued to reduce their demand for Design and Print services. During the year the service has implemented a number of changes including a reduced staffing structure. This has had a positive impact and the service is delivering a reasonable profit. However, the original income targets for Design and Print are not achievable in the current climate and will need to be reviewed at some point in the future.

9. Performance has continued to be strong in creditors and sickness absence has continued to fall in 2010/11. Service standards have been maintained for payroll and ICT service availability. ICT response times have improved in the last quarter of the year following the introduction of a new process for managing ICT support calls.

	Out-turn 2009/10	Target 10/11	Actual Out-turn 2010/11	Comment
Sickness Absence	8 days	7.5 days	6.53 days	Continued improvement from previous years
Invoices paid in 30 days	91% DBC 93.1% SBC	93.5%	91% DBC 91.1% SBC	Continued strong performance for creditors despite major changes which affected the service during the year.
% ICT incidents resolved within agreed service levels	94% both	97.5%	94.7% DBC 96.3% SBC	Performance has started to improve following the implementation of new service desk arrangements

Our Resources

10. As the table below shows, Xentrall achieved its budget forecast saving of £700k in 2010/11. Within this, ICT exceeded its budget savings by increased income however, Design and Print failed to achieve its income targets (see paragraph 4 above). The table below shows the out turn for all the services, the projected budget and further savings in future years. The budget figures presented below are based on the original business case savings of £7.4m

over 10 years plus the revised projected saving following the fundamental review which gives a revised savings total of just over £11m.

Service	Budget 10/11	Forecast 10/11	Variance 10/11	Budget 11/12	Budget 12/13
Mgmt	459,879	408,827	-51,052	468,914	474,681
ICT	3,829,568	3,692,340	-137,228	3,571,553	3,303,730
Design and Print	- 312,598	-124,318	188,280	-314,071	-314,805
Transactional Finance / HR	3,109,369	3,109,369	0	2,995,926	2,640,399
	7,086,218	7,086,218	0	6,722,322	6,104,005
Annual Net Savings	-700,813	-700,813	0	-1,004,870	-1,447,730

11. Services were benchmarked during the year for quality of service and overall cost of the service. Finance and Payroll services were benchmarked using the CIPFA benchmarking service. The results show that these services have continued to reduce their costs and continue to be better than average:

	Out-turn 2009/10	Target 2010/11	Out-turn 2010/11	Comment
Cost per invoice (creditors)	£2.05	£1.95	£1.85	Average of 79 unitary authorities is £2.38
Cost per invoice (debtors)	£5.51	£5.23	£5.21	Average of 73 unitary authorities is £9.36
Cost per payslip	£3.90	£3.71	£3.77	Average of 66 unitary authorities is £4.01

12. The strategy for 2010/11 and future years was to look at options for increasing income to the partnership. ICT has retained several key external customers and has also gained new customers, and therefore additional income. Transactional Finance and HR has been successful in retaining schools business but has also won business from two new Academies, one in Stockton and one in Darlington and is hopeful of gaining new business in 2011/12 from other Academies, including those outside the area.

Our Customers

13. All Xentrall services have been assessed and achieved level 2 standard in Customer First. It has also been externally assessed against the Customer Service Excellence standard and achieved full compliance with the standard.

14. A customer satisfaction survey was undertaken in March 2011. Customer satisfaction has improved since the previous survey. The feedback received has been fed into a continuous improvement programme which is delivered by the Customer and Communications team.

	Out-turn 2009/10	Target 10/11	Actual Out-turn 2010/11
Overall Customer Satisfaction	74%	78%	78%

15. Customer engagement has improved over the last twelve months and during January 2011 there was a successful joint review of the Procure to Pay process in Darlington which led to an improvement in the service, but also in customer satisfaction.

Our People

16. All employees were surveyed in September 2011. There was an 84% response to the survey and 37 people chose to put their names to the survey. There were over 185 individual comments which were analysed and informed the fundamental review of Xentrall Shared Services. The outcome of the review will be implemented in April 2011.

17. Despite the fundamental review Xentrall achieved its overall employee satisfaction target which was an improvement on the previous survey.

	Out-turn 2009/10	Target 10/11	Actual Out-turn 2010/11
I enjoy working for Xentrall	70.6%	74%	74.8%

18. The main comments we received were:

    (a) We need to involve people more in the process when we implement change.
    (b) We need to do more teambuilding across the organisation
    (c) Need to look at individual personal development

Additionality

19. In addition to the savings and efficiencies set out in the original business case, additional improvements, savings and efficiencies have been achieved because of the joint working.

20. The HR system has been further developed and now has self service capability. This means that employees can now print off their own payslips and update their own information on-line. Further developments are planned which will improve the sickness absence reporting process and make information more readily available to managers.

21. The new computer room was completed in 2010 and new servers are now installed. The new servers are more efficient and resilient than those which were being used by the two Councils.

22. The network between the two Councils has been upgraded which means that a disaster recovery service can now be established in Stockton. This is already in place for some business critical services but will be enhanced over the next twelve months.

23. Xentrall has also provided project management support to other Stockton and Darlington reviews. This programme is now complete and as a result of the reviews, a business case is being developed for a shared Building Control service involving Stockton, Darlington, Redcar and Cleveland and Middlesbrough Councils.

Future Developments

24. The service continues to implement efficiency savings across all areas by working closely with both Councils.

25. During 2011/12 the new staffing structures will be implemented, following the review, and this will also improve the quality of the service in addition to delivering the additional savings identified in paragraph 3 above.

26. Further major joint developments in 2011/12 include:

    (a) Further development of HR Online – self service modules which will improve service for departments and for individual employees who will be able to access and update their own information.
    (b) Implementation of desktop printing review – the objective is to reduce the overall cost of local printing across both Councils this will also contribute to each Council's carbon reduction targets.
    (c) Developing further opportunities to grow Xentrall, with a strategy for retaining existing business and identifying further opportunities to expand the service where appropriate.

    (d) overall number of computer servers and therefore reduce the cost of support. Funding of computer room is being achieved from within the business case.