CABINET
11 JULY 2017

ITEM NO. ....12............

XENTRALL SHARED SERVICES ANNUAL REPORT 2016-17

Responsible Cabinet Member - Councillor Stephen Harker
Efficiency and Resources Portfolio

Paul Wildsmith, Director of Neighbourhood Services and Resources

SUMMARY REPORT

Purpose of the Report

1. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now in its tenth year of the original ten year agreement and the purpose of this report is to present the latest Xentrall Annual Report to Cabinet.

Summary

2. Xentrall Shared Services, the Stockton and Darlington partnership, was established in May 2008 and is now in its tenth year of the original ten year agreement. The Xentrall services are:

   (a) ICT (strategy and operations)
   (b) Transactional HR (payroll, recruitment, sickness absence)
   (c) Transactional Finance (creditors, debtors, banking, schools finance)
   (d) Design and Print (professional buyer, in-house 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. The successful partnership 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 over the same period.

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

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 in its tenth year of the original ten year agreement. The Xentrall services are:

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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. The successful partnership 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 over the same period.

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Value For Money and Performance

10. The financial situation in both Councils has changed significantly since the original business case was made and the increase in budget savings achieved by Xentrall 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. Design and Print also undertakes a price comparison benchmarking exercise against local and regional suppliers and again, this confirms value for money for both services delivered in-house and those bought in.

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

Customer Satisfaction

13. As part of our balanced scorecard approach to performance management, Xentrall undertakes partnership-wide customer satisfaction surveys every two years by canvassing end users and managers across both Councils. In addition, each of the Xentrall services seeks feedback and satisfaction levels as part of their daily service operations e.g. on an ICT call closure or the take-on of a new academy's payroll. All surveys are confirming high levels of satisfaction with an on-going

upward trend. The table below shows the summary results of the most recent surveys.

	Xentrall Customer Satisfaction (score out of 5)	
	Darlington	**Stockton**
2016/17	4.3 ⬆	4.3 ⬆
2014/15	3.9 ⬆	4.1 ⬆
2012/13	3.7 ⬆	4.0 ⬆

2016/17 Opportunities Taken and Business Retained

14. Xentrall has explored new opportunities in-line with the partnership's objective of tactically growing the business. This has resulted in the following successes:

   (a) Xentrall HR were successful in winning and subsequently delivering the payroll service for 33 Middlesbrough schools and academies during 2016/17 and in addition a multi-academy trust consisting of four Middlesbrough and Redcar and Cleveland academies.

   (b) Xentrall HR and Finance also won payroll and finance system provision for 7 additional academies in Darlington and Stockton.

   (c) The hosting of Northumberland County Council's ICT equipment which following negotiations in the previous year was signed off in May 2016 and Northumberland's ICT presence has grown on-site during the latter part of the year and will continue to grow into 2017.

   (d) The provision of ICT services to NEPO (North East Purchasing Organisation) following lead-in negotiations in the previous year.

   (e) The investment in a large format printer which allows Design and Print to produce banners, posters and signage in-house, resulting in additional savings to both Councils.

15. As well as the above new activities, existing external customers have been retained and have signed up to new service level agreements for the current year. This is a significant achievement and a reflection of the value of Xentrall services. It is worth noting that no academies withdrew from the Xentrall service during the year. These services and repeat customers include:
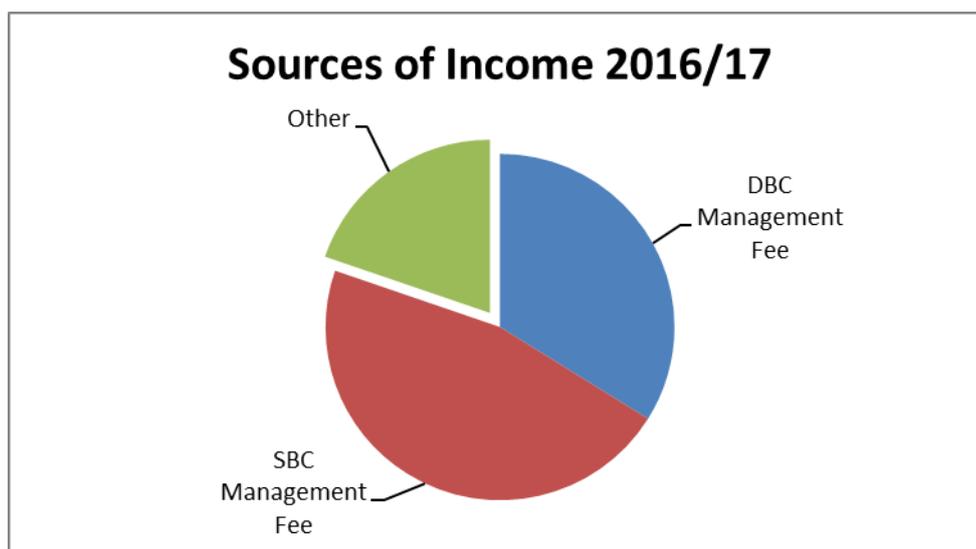
   (a) ICT services to Tees Active Leisure Ltd.
   (b) Payroll services to Richmondshire District Council.
   (c) All Xentrall services to the Tees Valley Combined Authority.
   (d) ICT services to Tees Valley Connexions.
   (e) Payroll and/or finance services to 86 academy customers.

16. A significant part of the above achievement is the expansion of the payroll business and volumes over recent years. A typical circa 15,000 monthly payroll run now
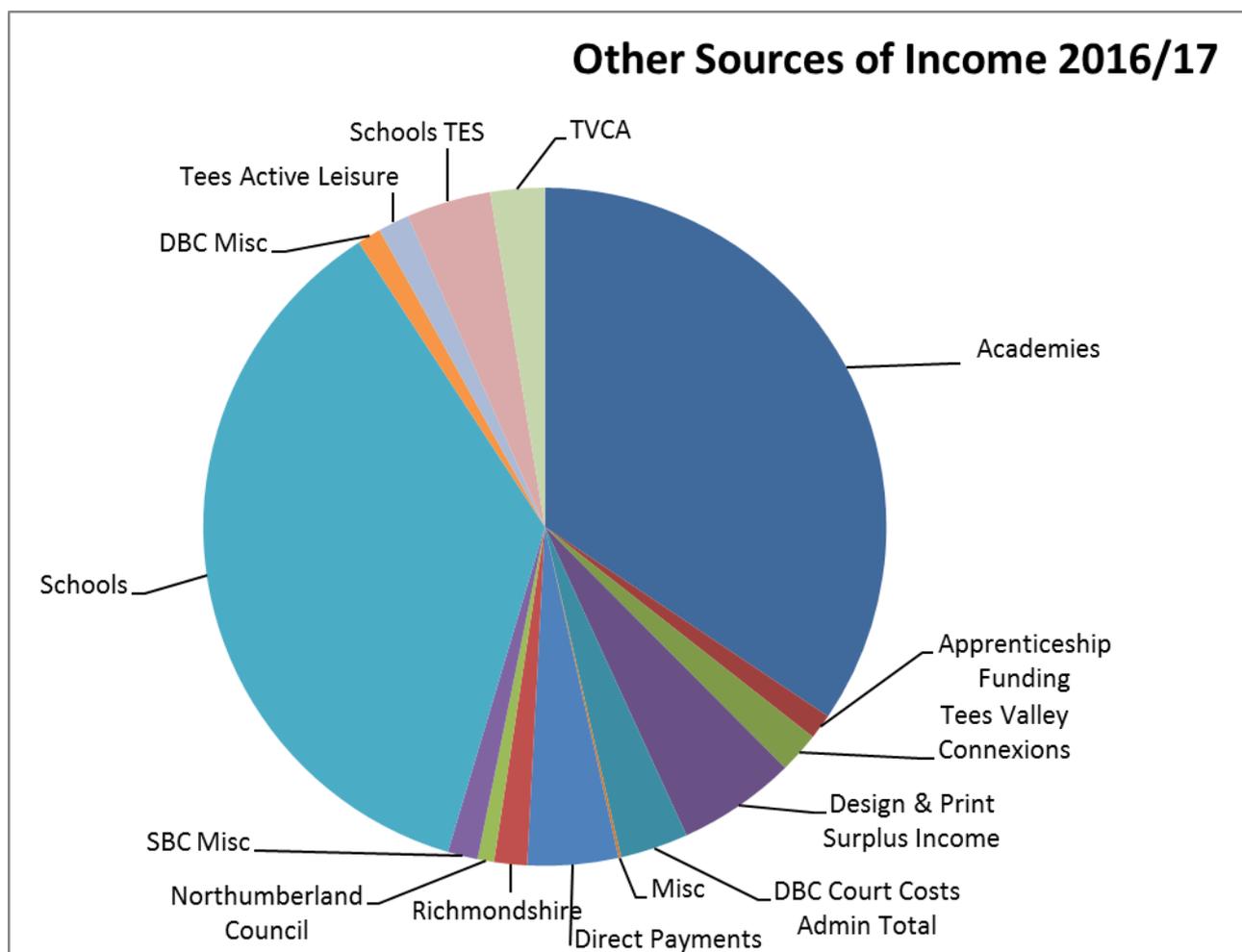
consists of the following customers, many of which are based outside the Stockton and Darlington area:

Payroll Customer	Monthly Payslips
Stockton Council	5,784
Darlington Council	2,173
Darlington Academies	2,057
Middlesbrough Schools	1,225
Stockton Academies	1,215
Middlesbrough Academies	862
Stockton Direct Payments	802
Richmondshire Council	350
North Yorkshire Academies	168
Durham Academies	158
Tees Valley Combined Authority	54
Tees Credit Union	4

17. The Xentrall generated external income continues to grow and forms a significant part of the overall Xentrall financial model:

Sources of Income 2016/17

18. To give an appreciation of the income generated by Xentrall services, the following pie chart shows a breakdown of the sources of the £1.28M "other income" raised during 2016/17.

Other Sources of Income 2016/17

19. Areas of income such as academies and Northumberland ICT hosting will continue to grow in 2017/18.

2016/17 Stockton and Darlington Achievements

20. As well as providing services to external customers and generating additional income, Xentrall have been busy supporting Stockton and Darlington Councils.

21. Although they are ever present, many of the services of Xentrall often go unnoticed or unseen. Thousands of invoices are processed and payments made, thousands of people are paid each month and thousands of staff sign onto ICT systems each day. Hopefully noticed are the eye-catching and informative event posters, leaflets, magazines, booklets, banners, signs and wraps that Xentrall produce or procure on behalf of both Councils. In addition to these and other successful large-scale daily operations, which include finance support to Stockton schools, the Xentrall teams

also lead on many significant and transformational projects across Stockton and Darlington, as well as supporting many others. Some of these are outlined below.

22. During the year Xentrall Finance supported the creation of the Stockton Business Improvement District through changes to the income management system. The Xentrall Finance team have also supported and advised Darlington Council in the process of changing its bank, which will deliver savings. The largest project the Finance team are currently working on is the planned major upgrade to both Council's finance system; Agresso. This will be implemented later this year. In advance of this, the version of Agresso used by academies has been successfully upgraded during 2016.

23. During the year Xentrall HR have been able to manage a 20% increase in volume of carer direct payments at Stockton. Similarly, through winning new external business the payroll managed by the HR team has increased significantly and now stands at around 15,000 staff per month, as detailed earlier. A large project for the team is the procurement of a replacement for the HR and payroll system PSE which is now end of life. This project continues into the current year, with an implementation expected in 2018. Alongside this project is a review of processes within HR to ensure any new system is exploited to the full.

24. Both the system changes mentioned above (finance and HR/payroll) will bring new facilities which can be exploited for service efficiency improvements by Finance, HR and services in general and this will form a key part of the implementations.

25. 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 retained ISO 27001 Information Security Management and ISO 9001 Quality Management Systems certifications and also retained the Payment Card Industry (PCI) certification for Darlington Council and the Government's Public Services Network (PSN) certification. 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 also form part of a continual service improvement regime within ICT services.

    (b) The ICT service has also been successfully audited by both Council's external auditors; Mazars and Ernst and Young.

    (c) ICT have procured and seamlessly implemented a new and improved server and storage infrastructure for the virtualised platform which runs all the ICT systems across both Councils on some 400+ servers. This was a major project which went unseen.

    (d) The implementation of a new anti-malware and ransomware security suite of products along with an end-point security solution (for mobile/remote workers), keeping our data and users safe, and our public reputation intact.

(e) The on-going deployment of new network links between Council sites, improving both resilience and capacity, including an invest to save fibre network design for Council buildings in Stockton centre. The related project to replace and upgrade aging network equipment internal to Council buildings has also been completed successfully and the re-design of the core datacentre network is complete ready for implementation in 2017.

(f) ICT have deployed additional communication tools across both Councils to aid individuals with mobile and smarter working, along with improving collaborative working within each Council, and ICT have been a critical part of the Smarter Working in Stockton initiative and the delivery of the "ICT experience room" as part of this programme.

(g) ICT have undertaken extensive research and assessment of the future provision of desktop applications for both Councils and this major project continues as planned into 2017.

(h) ICT and Procurement have completed the procurement for a new mobile telephony provider, with cut-over planned for 2017. As part of this ICT have procured and implemented a consolidated and simplified mobile device management system which will allow management of all Council smartphones, tablets and other mobile devices from a single point. This simplifies the process by replacing three existing systems. ICT have also made savings on both Council's telephone bills.

(i) Numerous other behind the scenes technical improvements have been made to maintain and develop the overall supporting ICT infrastructure, covering aspects such as performance, resilience and security.

26. As well as some of the central ICT infrastructure projects listed above, the ICT service has successfully completed a further 53 service specific projects for both Councils over the year. These have ranged from new system procurements and implementations, to major system upgrades, migrations and integrations.

27. The Xentrall Design and Print service has also had a very busy year having successfully completed in excess of 2,500 design and print based projects, covering everything from corporate plans or event guides, to point of sale signage or event staging. These projects are in addition to the day to day volume copying work they undertake for services. As examples, Design and Print delivered the design and materials for the Darlington Festival of Ingenuity (which won a Highly Commended Award from the national trade body) and also for the High Street of the Year national competition in which Stockton High Street won the Rising Star category and an associated development fund.

28. In addition to the project and operational achievements of Xentrall above, also worthy of note are the two awards Xentrall won as part of the 2016 Stockton Customer Service Awards. Scott Martin in ICT was the overall winner for the Star Employee Award and the wider ICT Service Desk team were Runner Up in the Team Award. A very good result for the Xentrall team.

Looking Forward to 2017/18 Onwards

29. 2017/18, the tenth year of the partnership, will be as busy and as challenging as any of its predecessors. Amongst the many projects to be undertaken, significant ones will include:

    (a) Supporting the proposal to develop a Regional Adoption Agency for the Tees Valley.

    (b) Xentrall ICT and Design and Print supporting the national election in June, having already successfully supported the Tees Valley Mayoral elections in May.

    (c) ICT rolling out the new mobile voice and data contract across both Councils.

    (d) The implementation of the upgrade to the Agresso financial system and also the procurement and implementation planning for the replacement of the PSE HR and payroll system.

    (e) ICT assisting Northumberland Council with ICT hosting.

    (f) ICT maintaining ISO, PSN and PCI certifications for both Councils.

    (g) ICT advising both Councils on the recommended approach for future desktop application provision as the current licensing model comes to the end of its life.

    (h) All Xentrall services supporting the transformation projects in both Councils, helping smarter working with technology to improve all aspects of service delivery and deliver efficiencies.

30. 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 as and when these arise, which fits in with its business plan of tactically growing the business and in turn help to support both Council's Medium Term Financial Plans.