

**CABINET
8 JULY 2025**

XENTRALL SHARED SERVICES ANNUAL REPORT

**Responsible Cabinet Member -
Councillor Mandy Porter, Resources Portfolio**

**Responsible Director -
Elizabeth Davison, Executive Director – Resources and Governance**

SUMMARY REPORT

Purpose of the Report

1. To update Cabinet on the progress and performance of Xentrall Shared Services.

Summary

2. Xentrall Shared Services is a public sector partnership between Stockton-on-Tees Borough Council (SBC) and Darlington Borough Council (DBC). Established in May 2008, Xentrall is now in its seventeenth year working jointly with both Councils supporting them in the delivery of their services.
3. The services delivered by the partnership are:
 - (a) Xentrall Design & Print (Printing Services, Design Services, Displays & Exhibitions)
 - (b) Xentrall Finance (Creditors, Debtors, Banking, Income, System Support & Development)
 - (c) Xentrall HR (Payroll, Pensions, Recruitment, System Support & Development)
 - (d) Xentrall ICT (Service Desk, End User Device Management, Platform, Applications, Architecture Strategy, Information Security)
4. The initial aim of Xentrall was to improve service performance and reduce the cost of the functions it delivers by £7.4m over the original ten-year period of the partnership. Xentrall surpassed this financial expectation by delivering £14m savings across the same period as reported to Members over previous years.

5. The quality and performance of services have also improved over the lifetime of the partnership through a range of past and continuing service improvements and developments.
6. 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.

Recommendations

7. It is recommended that Cabinet note the report and acknowledge the continuing success of Xentrall over the sixteen years since it was formed.

Reasons

8. The recommendation is supported 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 seventeen years since it was formed.

Elizabeth Davison
Executive Director – Resources and Governance

Background Papers

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

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Council Plan	There are no issues relevant to the Council Plan in this report
Addressing inequalities	There are no inequalities issues in this report
Tackling Climate Change	There are no climate change issues in this report
Efficient and effective use of resources	The partnership has delivered significant savings for the Council and these are built into the approved medium-term financial plan
Health and Wellbeing	There are no health and wellbeing issues in this report
S17 Crime and Disorder	There are no crime and disorder 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
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

BACKGROUND

9. Xentrall Shared Services is a public sector partnership between Stockton-on-Tees Borough Council (SBC) and Darlington Borough Council (DBC). Established in May 2008, Xentrall is now in its seventeenth year working jointly with both Councils supporting them in the delivery of their services.
10. The services delivered by the partnership are:
 - (a) Xentrall Design & Print (Printing Services, Design Services, Displays & Exhibitions)
 - (b) Xentrall Finance (Creditors, Debtors, Banking, Income, System Support & Development)
 - (c) Xentrall HR (Payroll, Pensions, Recruitment, System Support & Development)
 - (d) Xentrall ICT (Service Desk, End User Device Management, Platform, Applications, Architecture Strategy, Information Security)
11. The initial aim of Xentrall was to improve service performance and reduce the cost of the functions it delivers by £7.4m over the original ten-year period of the partnership. Xentrall surpassed this financial expectation by delivering £14m savings across the same period as reported to Members over previous years.
12. The quality and performance of services have also improved over the lifetime of the partnership through a range of past and continuing service improvements and developments.
13. 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.
14. In recognition of the on-going success of the partnership, in 2015 Members agreed to amend the original ten-year period into an on-going rolling agreement which continues to this day.
15. The partnership is governed by the Xentrall Executive Board, namely the Executive Director – Resources and Governance (DBC) and the Director of Finance, Transformation & Performance (SBC), and is managed by the Assistant Director (Xentrall Shared Services).

Employees And Staffing

16. Xentrall has approximately 150 full time equivalent employees based in Darlington and Stockton. All Xentrall services continue to have low sickness levels and high levels of staff satisfaction. Workforce planning and development is an ongoing process to ensure all services have the capacity and skills to effectively manage the daily challenges of such critical services, together with planning future service improvements and developments.

17. The last year has seen the retirement in Jun-24 of Ian Miles, the previous Assistant Director (Xentrall Shared Services). Ian Coxon, an Assistant Director at SBC who previously worked alongside Ian Miles in forming and developing Xentrall in its first eight years (2008-2016), took on the role of managing Xentrall upon Ian Miles' retirement. A smooth transition took place between both Ian's and the Xentrall Management Team to ensure business continuity.

Customers - Internal

18. Wide-ranging customer satisfaction surveys have generally been undertaken in SBC and DBC every two years throughout the life of the partnership. These involve canvassing service users and managers across both Councils.
19. The main two-year customer survey was undertaken during 2023/24, resulting in a score of 3.9 out of 5. This is lower than Xentrall's all-time peak scores in 2020/21 during the pandemic (4.5 out of 5) but is still relatively high and consistent with previous results. Xentrall will continue to monitor customer satisfaction in both Councils in future surveys.
20. In addition, each of the Xentrall services seeks customer feedback and satisfaction levels as part of their daily service operations. This instant feedback drives more immediate low level operational service improvement responses on an ongoing basis.

Customers - External

21. Xentrall continues to enjoy successful ongoing contractual relationships with a number of external customers. We also 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.
22. This continues to form a significant part of the overall Xentrall financial model and thereby reduces the funding required from both Councils. Xentrall generated external annual income of over £1m during 2024/25.
23. Existing services to external customers include:
 - (a) All Xentrall services to Tees Valley Combined Authority
 - (b) Design & Print services to a range of ad hoc external customers
 - (c) Finance and HR/Payroll services to SBC maintained schools
 - (d) Finance and HR/Payroll services to academies across the North East
 - (e) Finance and HR/Payroll services to South Tees Development Corporation
 - (f) HR/Payroll services to North Yorkshire Citizens Advice & Law Centre
 - (g) HR/Payroll services to Middlesbrough and Redcar & Cleveland schools
 - (h) HR/Payroll services to SBC Direct Payment Clients
 - (i) ICT and Finance services to Tees Active Leisure Ltd
 - (j) ICT services to Theatre Hullabaloo in Darlington
 - (k) ICT services to North East Purchasing Authority (NEPO)
 - (l) ICT services to Northumberland County Council

Finance and Value for Money

24. 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 balance in their respective Medium Term Financial Plans. This has mainly been achieved through staff savings resulting from more efficient ways of working across all service areas, as well as cost reductions arising from partnership joint procurement. The additional pressure of inflation continues to be a concern, particularly at renewal points in contracts.
25. In 2024/25 Xentrall's core net budget is approximately £6.4m, funded jointly by DBC and SBC. In addition, Xentrall manages approximately £2.6m in shared ICT costs on behalf of DBC and SBC.
26. 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.

Performance

27. Xentrall uses a balanced scorecard approach to performance management. This incorporates performance indicators covering the four interconnecting perspectives of employees, customers, service efficiency and cost.
28. In 2024/25 all but one of the key performance indicators were at or above target. The one exception, a service efficiency indicator reflecting the timeliness of completing DBC's bank reconciliation, was recovered in time for the financial year end and is the subject to a range of ongoing improvements to ensure performance is within target in future.
29. Xentrall is also subject to various internal and external audit regimes which also confirm the good performance and governance of its services. 97% of the Xentrall control checks undertaken by the Council's Internal Audit team during the year have achieved a green assessment, those in exception are minor in nature and work is in progress to address them.
30. The Xentrall ICT service successfully maintained certification in both Information Security Management and Quality Management System ISO standards and also was re-certified for continued access to the Government's Public Services Network (PSN).
31. The Xentrall Finance and Xentrall HR services successfully maintained the BACS Accredited Bureau status following a full audit by Pay UK.

DBC & SBC Achievements

32. Xentrall continues to be a critical element in the continued effective functioning of both Councils. This covers a range of vital recurring tasks and services plus providing critical support to organisation-wide and service-based projects in. A snapshot of some of the Xentrall activities and achievements over the last year is shown for each of our services in the following paragraphs.
33. Xentrall Design & Print highlights, the production of digital graphics, operational print, marketing, promotional, advertising and signage materials for:
- (a) Stockton's new centralised offices and headquarters, Dunedin House
 - (b) Preparations for elections across both Councils (Local, Police Crime Commissioner, Tees Valley Mayor)
 - (c) Darlington Hippodrome Theatre
 - (d) Hopetown Darlington
 - (e) Stockton International Riverside Festival
 - (f) Stockton-on-Tees News, and One Darlington Partnership publications
 - (g) Darlington Jobs Fair and Apprentice Employment Day Stockton
 - (h) Learning & Skills
 - (i) Darlington Dolphin Centre and Leisure Services
 - (j) Development sites including Riverside Road in Stockton, the extension of Preston Hall and the former Northen Echo Building in Darlington
 - (k) Both Town Centre and Events Teams for Armed Forces Day, Darlington 10k, Grove Fest, Rhythm & Tunes, Love your local market, Proms in the Park, Stockton Sparkles and Darlington Christmas Light Switch On
 - (l) Stockton & Darlington Railway 200th anniversary celebrations
 - (m) A whole range of other regular and recurring high volume printing tasks such as adult social care surveys, council tax bills, rent statements, landlord statements, green garden waste packs, food dietary information stickers and the Print for Post service at Stockton etc
34. Xentrall Finance highlights:
- (a) Processed and paid around 70,000 creditor invoices for DBC, SBC and Tees Valley Combined Authority

- (b) Over 11,000 sundry debtor invoices worth around £75 million issued
- (c) Over £1 billion in cash income transactions posted and reconciled
- (d) Procurement exercise for the SBC banking contract completed through NEPO
- (e) Contract awarded for SBC cash in transit incorporating collection of cash from the Council car parks
- (f) Expansion of Lingfield and Spark Academies, increasing Xentrall income
- (g) Successfully implementing system changes and reconciliations on Finance System
- (h) Improved procedures in creditors to remove paper records for invoice registering, reducing waste and saving on storage costs
- (i) Contract awarded for migration of on-premise Finance System to a cloud-hosted model
- (j) Implemented system improvements to the BACS processing system with plans in place to migrate to a cloud hosted system
- (k) Maintained our BACS Accredited Bureau status following a full audit by Pay UK

35. Xentrall HR highlights:

- (a) Successfully maintained service delivery across more than 145 individual payrolls, covering more than 15,000 employees
- (b) Implemented real-time taxation of benefits in kind through payroll, in preparation for the April 2027 mandate
- (c) Introduced branding on the self-service HR system portal, MyHR for both DBC and SBC
- (d) Enhanced the leavers process, enabling managers to submit leaver forms directly via MyHR, reducing administration for all
- (e) Successfully completed the first full calendar year of the Annual Leave module on MyHR for Darlington
- (f) Produced key reports for the Office for National Statistics and supported reporting for the School Workforce Census, Social Work England and Gender Pay Gap

- (g) Initiated digital document storage for employee records in Stockton via ResourceLink (already in use by Darlington) and began supporting Stockton with the migration of historic HR data.
- (h) Progressed towards monthly pension reporting with all providers, improving data quality and reducing the need for year-end files and leaver forms
- (i) Enhanced pension year-end processes to improve data accuracy, calculations and reduce manual work
- (j) Joined a procurement framework to maintain external income and participate in the tender process for one of our largest existing clients
- (k) Carried out a staff review to reorganise teams, increase senior leadership capacity, and enhancing service improvement capabilities

36. Xentrall ICT highlights:

- (a) Resolved over 29,000 user incidents and requests, with 94% resolved within target and a happy customer satisfaction rating of 97%
- (b) 77% of all user incidents and requests were logged via our self-service portal, which is available 24/7 and accessible across a range of corporate devices
- (c) Successfully retained Cabinet Office certification for the PSN (Public Services Network)
- (d) Took part in a pilot of the new Cyber Assessment Framework developed by the National Cyber Security Centre
- (e) Continued the ongoing programme of device refresh, with nearly 300 replacement laptops for SBC and almost 200 for DBC
- (f) Migrated all 5000 devices across DBC and SBC from Windows 10 to Windows 11
- (g) Completed 54 separate ICT-related projects including the launch of the new visitor attraction site at Hopetown, the new Stockton Council Chambers within Dunedin House and the refresh of Darlington's CRM "My Darlington+"
- (h) Implemented Microsoft Sentinel to give ICT greater visibility of potential suspicious activity across the Council's network as well as the ability to automate security tasks, increasing protection outside of normal working hours
- (i) Developed a Cyber Incident Response Plan with backup up by specialist 3rd party support to help mitigate the risk and impact of a cyber incident

- (j) Installed Microsoft Defender across all corporate servers, giving enhanced anti-virus and threat detection that enhances our security posture and will help reduce the risk of a cyber incident
- (k) Completed the refresh of the WAN (Wide Area Network) across SBC and DBC, with new faster and more reliable fibre connectivity delivered to the Darlington Town Hall, Dunedin House and the 80 remote or satellite sites
- (l) Refreshed the Netcall Call Centre solution, the vital point of contact for residents across both DBC and SBC

Looking Forward

37. As can be seen from the above, Xentrall continues to perform very well and deliver developmental projects alongside its day-to-day services to both Councils and external customers.
38. Looking forward, activities will include:
- (a) Xentrall 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 printer/copier fleet at both Councils by using alternative bulk printing methods.
 - (b) Xentrall Finance will continue to work with both Councils and have a number of projects planned or underway which include; implementing the migration of the main finance system and income management systems to a cloud-hosted solutions.
 - (c) Xentrall HR will continue to work with both Councils and external academy customers in the exploitation of the HR/Payroll system and the MyHR employee interface and app. 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.
 - (d) Xentrall ICT will continue to support both Councils and external customers with information and technology solutions. The service is planning to implement further cyber security measures and planning further exploitation of the ICT service desk system to improve services to customers.
39. 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.