



Annual Report 2008 / 2009

April 2009

Version 1.0



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1. Partnership Consultative Panel's Statement

Xentrall Shared Services is a ground breaking public / public partnership between Darlington and Stockton-on-Tees Borough Councils. Welcome to the first joint Annual Report for Xentrall Shared Services.

You will remember that we made a decision to enter into this partnership in November 2007. The main reason for the partnership was to improve our services, increase the resilience of these services and also to make efficiency savings of £7.4m over the next 10 years.

We have both been very interested to oversee the developments of our exciting new partnership which have taken place over the last twelve months. Our report includes detailed achievements for all of our services and the performance of the services over the last twelve months.

It is clear to us that there have been some major achievements:

- The Partnership went live on 1st May 2008
- All of the employees have transferred into their new accommodation
- We have retained and achieved some important quality certifications

We have been impressed with the attitude and approach of all the employees involved in the Partnership. They have been through a major change with a lot of uncertainty, new jobs and in nearly every case, a new location to work from. Despite all this change they have continued to deliver our services to the best of their ability and have formed new teams which will take us forward with improved services over the next twelve months.

But this has not been an easy journey and there is still a long way to go. The first twelve months since going live has been about transition from the two Councils to a single service delivery. The main priority in our first year was to continue to deliver good services whilst starting to look at how to improve service delivery and start to plan the delivery of the efficiency savings in future years. We are pleased that we are on target to deliver our savings.

We have had a good start to our Partnership and we look forward to seeing some major changes in the coming year.



Cllr Terry Laing
Cabinet Member for Corporate Management and Finance (Stockton)



Cllr Stephen Harker
Cabinet Member for Efficiency and Resources (Darlington)

2. Executive Summary

The Stockton and Darlington shared services partnership went live as Xentrall Shared Services on 1st May 2008. Prior to going live, the partnership undertook a major recruitment process to appoint all employees into their new posts in the partnership.

The Executive Board and the Partnership Consultative Panel meet on a quarterly basis to look at performance, monitor the budget and ensure that key milestones are achieved. The out-turn for 2008/09 is set out below:

- The partnership is on target to deliver its savings having achieved the first year budget target. Reductions in staffing levels in the first year have resulted in savings of £968k. Whilst performance dipped slightly in some areas because of the considerable change the services have been through in the last twelve months, most of the performance targets were achieved this year and improvement plans have been put in place to deal with those areas where the target was not achieved.
- Most of the major milestones were achieved. However the computer room for the new ICT suite has been delayed due to the need to change the procurement process to ensure the implementation of the best solution. This is a stand alone project and although it is being delivered by Xentrall it does not have a direct impact on the service or the business case.
- Quality certifications were all retained and a major achievement was the ISO27001 security certification for the whole Xentrall ICT service. These quality certifications along with Substantial Assurance on our internal audits provide our customers with assurance that our services are being delivered in a sound control environment.

The accommodation was one of our biggest challenges with virtually all our employees moving to new locations / buildings. We completed the co-location of all our employees in November 2008.

We have in place our customer Complaints, Commendations and Comments policy and procedure and we have developed customer charters for all our services and these are all available on the intranets in both Councils. We undertook a customer survey in August / September 2008 which identified a need for us to improve our communications. We have already implemented a number of improvements.

All our services have been through major changes during the last twelve months. We completed the implementation of the partnership and have been in a transitional period where we have been bringing our teams and our services together for the first time. We have started to review all our procedures so that we can standardise the services wherever possible.

We have already started to deliver a number of improvements to our services and of particular note is the success of the ICT Business Account Managers who have been working closely with the services to identify their business requirements and will continue to work with services to assist them with the delivery of their efficiency programmes.

The next stage of our journey is to consolidate the services and make sure they are delivering consistently to the performance targets and make the improvements and efficiencies needed to deliver the savings targets for 2009 / 2010.

3. Leadership and Governance

The structures which have been put in place for the governance of the Partnership were set up to ensure regular business reporting processes were in place, to promote accountability and to ensure an equitable service was delivered to both Stockton and Darlington Councils.

Members in Stockton and Darlington Councils receive regular updates on performance and progress through the regular performance reporting process. An annual report is presented to both Cabinets every year.

The Partnership Consultative Panel comprises two lead Members from Stockton and Darlington Councils, the Director of Resources (Stockton) and Director Corporate Services (Darlington), and the Partnership Manager. Their main purpose is to challenge and support the partnership. The Panel meets on a quarterly basis to consider progress and performance issues.

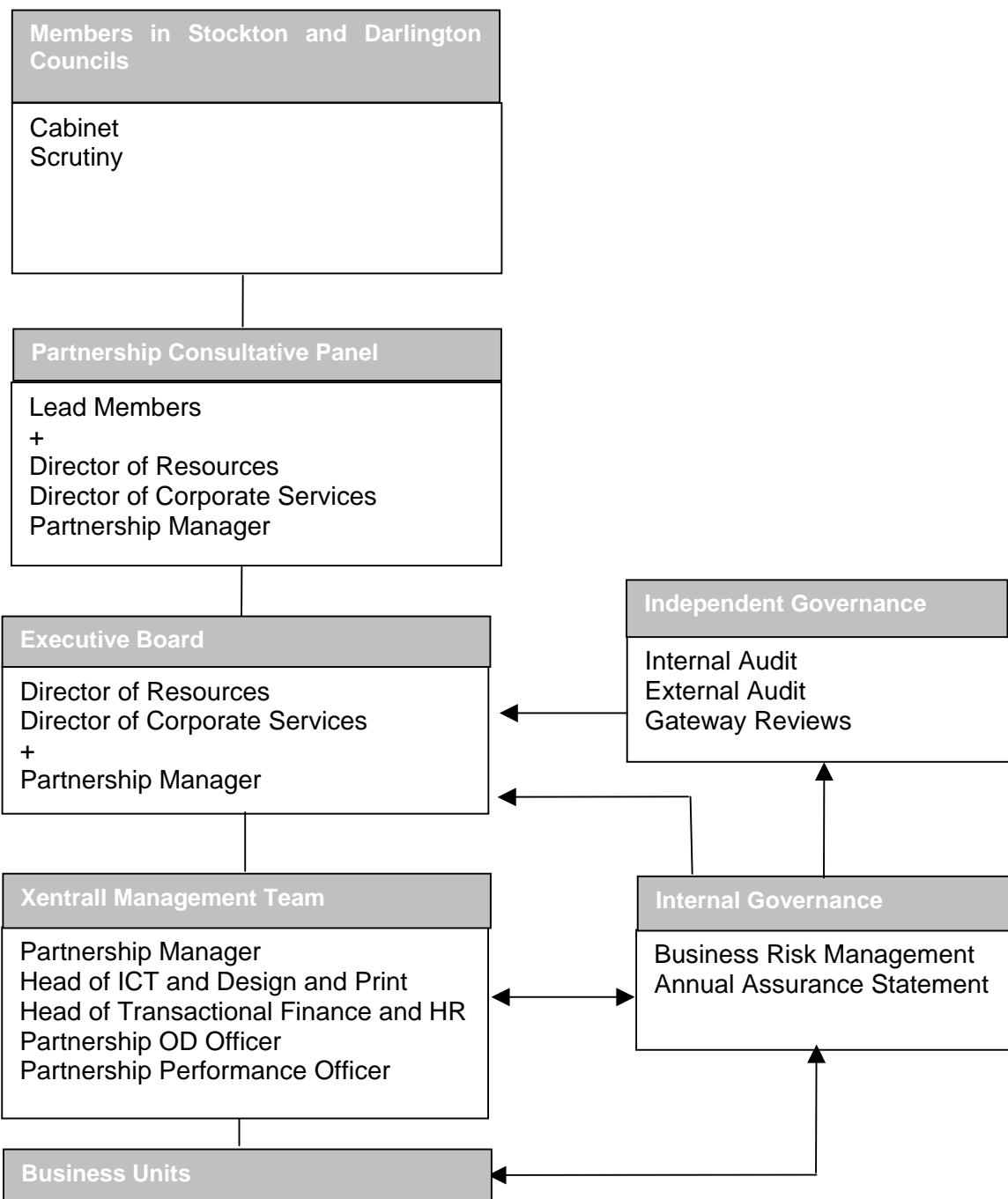
The Executive Board comprises the Director of Resources (Stockton) and Director Corporate Services (Darlington), and the Partnership Manager. They have delegated authority to make key decisions for the Partnership. The Partnership Manager reports to the Executive Board on a monthly basis where they consider progress and performance issues.

The Xentrall Management Team comprises the Partnership Manager, the two Heads of Service, the Organisational Development Officer and the Performance Officer. It meets on a fortnightly basis and is responsible for the overall management and development of the business. The Management Team produce an annual Business Plan for Xentrall.

Each Business Unit prepares an annual plan for their business which supports the overall Business Plan for Xentrall. They set performance targets and improvement objectives for the service and take account of changing customer needs and expectations.

External Assurance comes from the Internal Auditor and External Auditors who review the business control environment on a regular basis throughout the year. In addition to these independent reviews the partnership also undertakes a regular review of its risks, provides an annual assurance report to Internal Audit.

The diagram overleaf shows how the governance arrangements in the partnership work in practice.



4. Our Goals and Objectives

What is in a name?

Our brand in itself is bold and different and clearly sets out what we stand for: “Xentrall Shared Services – Delivering Excellence for all”. And the name became the launch pad to explain the ideal of the partnership our vision, values and culture.

Our Vision is: to create a seamless partnership with clear, shared objectives, collaborative relationships and a common culture to enable each Council to achieve more than it could on its own

Our Core Values are:

- Valuing our Employees
- Delivering Customer Service Excellence
- Delivering High Performing / High Quality Services

Our Culture is:



Our overall strategic objectives are set out in the legal agreement and are:

- To jointly provide a range of corporate and transactional services to Darlington and Stockton Borough Councils;
- To secure efficiencies whilst retaining highest rated performance;
- Improve service capacity and resilience;
- To form a nucleus around which both Councils and future partners could align service delivery;
- To build capacity in partnership councils, securing intellectual capacity, recruitment and retention and sustainability;
- Act as an exemplar or prototype of collaborative working for the North East;
- To ensure that the partnership is both “future proof” and expandable.

4.1 Our People





Everyone in Xentrall has been through major change over the last twelve months. Because of this, it was important that Our People were seen as a priority ensuring that we engaged with our employees over all aspects of the change, keeping them informed at all times. Many employees are in new roles taking on responsibility for new services and we also have a new management team. The emphasis has been on building capacity by ensuring employees have the right skills to enable them to undertake their new roles. This capacity building will continue over next twelve months.

The main achievements for Our People during 2008/09 are:

- The accommodation and co-location was finalised on a phased basis. Finance co-located in June, ICT in August, Design and Print in October and HR in November. This presented us with a number of challenges, ensuring little/no disruption to services whilst we were moving and the issue of managing our services across several sites prior to the co-location. It has only been possible to start to review the way we work following co-location of the services.
- Communication and engagement with employees has been improved. We can do more, however the introduction of regular communications, attendance by management at team meetings, briefings during the period of change and monthly engagement with the unions, has helped to ensure a smooth transition into Xentrall.
- Stockton-on-Tees Borough Council wants to introduce a new flexible working scheme and Xentrall was chosen, with another service area, to pilot the scheme. Early indications from the staff survey show that the scheme is very popular with our employees.
- Linked to our culture and values we have developed a Workforce Development Strategy for Xentrall. This will help us take the organisation forward over the next five years making changes to the structures necessary to deliver the efficiencies set out in the business case.
- We have been developing our Leadership Team by involving our service managers and team leaders in a number of development workshops. These workshops have been used to help us develop our business such as performance management, customer engagement and other important process and procedures.
- In February we completed our individual and team appraisals. These have been linked to the target setting for each service for the forthcoming year, to ensure all teams and all employees are clear about their targets and development needs for 2009/10.
- We have just completed our first employee survey. We will be evaluating the results over the coming months to ensure we address all the issues and concerns raised in the survey.

Not Delivered

- Sickness absence target of 10 days was not achieved. This has been largely due to a number of long term absences. The management team are actively working with HR advisory to manage this situation.

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Staff satisfaction with Xentrall as an organisation to work for	3.25	3.53	
% appraisals for Xentrall staff	100%	100%	
Staff satisfaction with learning and development opportunities	3.25	3.25	
Sickness Absence	10 days	12.44 days	
Staff Turnover ¹	10%	9.73%	Monitor only

4.2 Our Customers

Getting the right balance between communication and engagement with our customers has been tricky for us over the last twelve months and it is clear from the customer survey undertaken in August that, at that time, we had a long way to go. Nevertheless, we have made some good progress in this area and are constantly improving by making sure we are talking to the right customers about the right things and providing the information needed by our customers in a consistent manner which meets their requirements. Effective engagement with our customers will be crucial to the delivery of the original business case.



The main achievements for Our Customers during 2008/09 are:

- We developed and rolled out our customer complaints, comments, commendation procedure in June 2008. This was developed based on the existing Stockton and Darlington Councils procedures because we needed to ensure we were meeting the needs of both Councils who have their own procedures.
- We have developed customer charters for all of our services. These charters set out what our customers can expect from us, what services we are delivering, and how to get in touch with us. The charters are on both Stockton and Darlington Councils intranets.
- Our HR service has been assessed and achieved level 2 standard in Customer First. All our other services have completed their self assessments and are hoping to be formally assessed against the standard in April or May.
- We consulted our customers in both Darlington and Stockton in August 2008 the main findings are in the table below. There were detailed comments provided for each of our services and these have been fed into individual service improvement plans.
- Our Customer Strategy and our Stakeholder Strategy and Communications Plan, set out our overall approach to delivering customer satisfaction and incorporates action plans for dealing with our outstanding issues.

¹ Staff Turnover is not a target more a health indicator for the business. Some turnover is good, but too much could be an indicator of other issues.

Not Delivered

- Customer communication at the start of the partnership was not as good as it needed to be as shown in the customer feedback results set out below. In response to the customer feedback we have improved the content and access to information about our services and our contact details on both the Stockton and Darlington Intranets and we are continuing to develop other ways of keeping our customers informed about the services themselves.

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Overall Customer Satisfaction ²	Baseline ³	3.62	
Letters and emails answered within 10 working days	94%	98%	
Answering telephone calls within 5 rings	87%	90%	
Complaints		4	Monitor only

Customer Satisfaction Survey 2008 – General Findings

Doing Well

- Overall good services
- Our employees treat customers with respect and in a professional manner

Could Improve

- Need to be clear about the services Xentrall deliver
- Need better contact information
- More on-line self help / guidance
- On-line forms – with clear instructions

² This is a measure out of 5. 1 is low satisfaction and 5 is high satisfaction

³ This is the first year of this measure and will be used to set targets for future years

4.3 Our Resources

When we established Xentrall on the 1st May 2008 there was still some work required to finalise the performance management system and the benefit management system. This work and other key strategies have been established since we went live. To ensure we are operating with sound governance we have had, and will continue to have, regular audits. Our reporting systems to the Executive Board and the Partnership Consultative Panel are working well and are effective at providing challenge to the partnership.

The main achievements for Our Resources during 2008/09 are:


- Reductions in staffing levels in the first year have resulted in savings of £968k. This is offset by an investment in employees of £563k aimed at delivering a service which is capable of transforming the way both Stockton and Darlington Councils work. This investment in new skills will enable both Councils to deliver their efficiency programmes over the coming years.
- Performance Management Framework was agreed and regular reporting established.
- Performance is monitored using a Balanced Scorecard which categorises performance into four areas, People, Resources, Business and Customer. The Balanced Scorecard indicators and future performance targets were agreed. Quarterly performance reporting established.
- The Scheme of Delegation for the partnership was established, linked to both Stockton and Darlington Councils schemes of delegation to ensure the appropriate delegation was in place, including the role of the Executive Board in decision making.
- An initial Governance Audit was undertaken in June to check that appropriate controls were in place following the partnership going live. This was given Substantial Assurance and no recommendations. This has been supplemented by a Gateway Review 4 which looks at readiness to go live in more detail and this was also given Substantial Assurance.
- A Benefit Management Strategy and Tracking System have been developed to track all the benefits of the partnership. This will track the benefits set out in the original business case to make sure these benefits are delivered, and it will also record all the additional benefits which have occurred in addition to the original benefits.
- Xentrall now has its own Business Plan which is linked to the service improvement plans and corporate plans in Stockton and Darlington Councils. The plan clearly sets out how Xentrall will work to ensure it delivers the corporate targets for both Councils.
- There is also a separate Business Improvement Plan for Xentrall which identifies all the actions needed to improve the business of Xentrall itself.
- The budget is monitored by the Executive Board and the Partnership Consultative Panel on a quarterly basis. The budget is on target to meet its first year out-turn.
- The accommodation used by Xentrall incorporates many of the new ways of working which will support the Workwise projects in both Councils. The accommodation is largely open plan. Desks are reduced in size to maximise use of floor space; they are organised in work groups to deliver more effective team working; the desks are shared where possible. Local printers have been removed and replaced with single large devices which are capable of photocopying, printing and scanning leading to reduced

costs.

Ten Year Financial Profile

Set out below is the ten year financial profile for the partnership. The partnership will start to make a return on investment in Year 3.

Year 1	£-394k	Year 6	£967k
Year 2	£44k	Year 7	£1,112k
Year 3	£496k	Year 8	£1,168k
Year 4	£700k	Year 9	£1,173k
Year 5	£823k	Year 10	£1,178k

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Year on year savings	-£394k	-394k	

4.4. Our Business

ICT Service

Although restructured, there lies ahead a comprehensive and ambitious transformation programme for ICT Services. This will fundamentally change how both the previous ICT Services have traditionally delivered to date. A root and branch review of all activities within the new service is taking place, as well as a fresh and strategic look at the technologies in use across both Councils with a view to providing a modern, flexible and resilient architecture on which to deliver and exploit ICT systems and services.

The main achievements for ICT during 2008/09 are:



- Business Account Managers are in place for all services. We are still not at full establishment (currently only 2 out of 4 posts filled) but this service has been well received by customers. Update meetings have been held with all services on a regular basis and they were also involved in service planning. They provide a single point of contact for ICT developments.
- The ICT Strategy groups in both Stockton and Darlington Councils have been reformed with a new Governance Framework in place to support the arrangement, including joint annual meetings to agree the ICT work plans for the following year.
- ICT Strategies – Both Councils strategies have been reviewed and refreshed.
- ICT Service Management standards are being implemented across the whole of the ICT service. This is a major undertaking for the service and a significant step up with regards to the quality and discipline of all aspects of service management.
- ISO27001 (Information Security Standard) – Certification achieved as Xentrall ICT. This is an important achievement as it provides our customers with assurance in the way in which we manage the security of our information.

- Project/Resource Management – further standardising our approach to delivering services based on industry best practice, a comprehensive suite procedures and documentation has been developed. This will help us to plan and allocate our resources more effectively in future.




Not delivered:

- The new Computer Room for the ICT suite was due to be completed in April 2009. Following a change in the procurement process, this project is now behind schedule and is now due for completion in December 2009. This is a stand alone project and although it is being delivered by Xentrall it does not have a direct impact on the service or the business case.

Darlington Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction ICT	Baseline	3.6	
% incidents resolved within agreed service levels	95%	95.9	
Availability of ICT Systems	99.1%	99.9%	

Stockton-on-Tees Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction ICT	Baseline	3.9	
% incidents resolved within agreed service levels	96.5%	94.76	
Availability of ICT Systems	99.1%	99.3%	
Availability of ICT Network	99.9%	99.9%	

Design and Print Service

The radical transformation of Design & Print into an efficient, effective service provider is now well underway. The drive towards creating a professional and commercial culture will give our customers the right quality, at the right price, right on time. The focus in 2009-10 will be to continue to improve all aspects of the service through an intensive review of equipment, staff training, workflow procedures and customer communication.

The main achievements for Design & Print during 2008/09 are:


- Efficient transfer of staff and equipment to the main production unit in Municipal Building at Stockton.
- Retention of ISO 9001:2000 Quality Management System.

- Creation and implementation of Xentrall Accura Management Information System to coordinate workflow. The system will also allow electronic recording of labour time and materials, improving the accuracy of our information.
- Copier/Finisher and Printer posts now filled, bringing these two areas up to full complement.
- Installation of new Presstek DI52 litho printing press, giving the unit a full colour print capability and improving the competitiveness of the service.
- Benefit tracking introduced to identify and quantify benefits and savings.


Not delivered:

- Refurbishment and relocation of our employees at Darlington Town Hall site is now behind schedule, due to delays in availability of ground floor accommodation. The expected completion date for this is now summer 2009.
- The review and redesign of procedures and workflow is happening slower than planned due to significant long-term sickness absence in the service.

Darlington Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Design and Print	Baseline	4.04	
Target Income (Combined SBC/DBC Measure)	£1.260M	£1.225M	

Stockton-on-Tees Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Design and Print	Baseline	3.71	
Target Income (Combined SBC/DBC Measure)	£1.260M	£1.225M	

Transactional Finance Service

Transactional Finance was the first of our services to co-locate. This was a deliberate decision because of the major changes in Darlington as a result of implementing a new financial management system (Agresso) and the need to manage the risk of such a big change at the same time as implementing the partnership. This is the area which has caused us the most issues over the last twelve months with some performance issues to resolve for both Darlington and Stockton Councils. We have already made a lot of changes in the way we work, but to continue the process of change in this service area we will need to improve the engagement with the retained Financial Services of both Councils. The main changes which will occur over the next twelve months will be the automation of many of our processes.


The main achievements for Transactional Finance during 2008/09 are:

- Implemented Agresso Financial Management System together with a centralised creditors function in Darlington. This represented a major change in Darlington with a new system and a new way of working. Supporting this change was crucial. There were some issues with the system which have now been resolved and this will prove beneficial when implementing the same upgrade to the system in Stockton.
- The financial teams are successfully delivering services to both Councils using different systems.
- Financial services have been maintained during the year but it has been a big learning curve for the team as both Councils currently process in different ways. They have spent the last year learning these processes and utilising the Business Development team to start the process of automating and standardising some processes.
- A new Business Framework has been implemented. Building on the team meetings and the appraisal system, this is about engaging all our employees in identifying issues and helping to develop solutions to improve service delivery. This approach is important in ensuring a culture of continuous improvement.
- Developed Business Continuity Plans across all services.
- Internal Audit has undertaken 6 service reviews in the last six months. Of these, 5 out of 6 have been given Substantial Assurance and a following a further review all 6 service areas now have Substantial Assurance.


Not delivered:

- Creditor performance did not meet its target in either Stockton or Darlington but the latest weekly information shows that this is now improving.
- Agresso 5.5 upgrade in Stockton was due to be implemented by March 2009. Because of the difficulties encountered in Darlington with this version of the software, it was agreed that this implementation should be delayed until March 2010.

Darlington Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Transactional Finance	Baseline	3.17	
Invoices paid in 30 days	90%	87.6%	

Stockton-on-Tees Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Transactional Finance	Baseline	3.34	
Invoices paid in 30 days	75.25%	69.2%	

Transactional HR Service

Transactional HR was the last of our services to co-locate, in November 2008. This caused us some initial problems with managing services but we had spent a lot of time planning for transition which paid off as we maintained and subsequently consolidated services. The payroll teams had been working closely together in the year preceding the partnership and this was huge benefit in providing stability to this business critical service. We have started looking at all our HR services and improving them either by implementing new ways of working or through business process re-engineering. Moving forward, we have ambitious plans to provide modern, flexible systems and processes that will benefit both Councils.


The main achievements for Transactional HR during 2008/09 are:

- Management of the service across split sites until co-location of the services in November 2008.
- Maintained services and started the process of reviewing how the services are delivered constantly looking for improvements and efficiencies. Also as part of this process, looking at how our employees can be trained to deliver services across both Councils.
- A new Business Framework has been implemented. Building on the team meetings and the appraisal system, this is about engaging all our employees in identifying issues and helping to develop solutions to improve service delivery. This approach is important in ensuring a culture of continuous improvement.
- Absence management reporting has been further developed by working closely with our colleagues in the HR Advisory services of both Councils.
- A number of high profile appointments in both Stockton and Darlington Councils have been supported by the recruitment team. This has resulted in positive feedback about the service.
- Developed Business Continuity Plans across all services.
- Completed merger of databases within PSE HR Management System. This allows a consistent platform to take forward PSE developments across Darlington and Stockton.
- We have implemented Electronic Data Interchange. This allows efficient transfer of data to central government. This was a requirement for 1st April 2009.

Not delivered:

- The electronic recruitment module for Darlington Borough Council has been delayed. This is because we needed to focus our resources on the merger of the databases in advance of any further developments of the application. The modernisation of the recruitment service will now be looked at in both Stockton and Darlington Councils with the view to incorporating potential savings opportunities from the North East Recruitment Portal currently under development by the Regional Improvement and Efficiency Programme (REIP).

Darlington Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Transactional HR	Baseline	3.77	
% Payroll Errors	0.20%	0.18%	

Stockton-on-Tees Borough Council Out-turn

Measure	Target 2008/9	Out-turn 2008/9	Achieved
Customer Satisfaction Transactional HR	Baseline	3.59	
% Payroll Errors	0.20%	0.15%	