

<b>Meeting:</b>	Executive
<b>Meeting date:</b>	9 <sup>th</sup> May 2024
<b>Report of:</b>	Bryn Roberts Director of Governance & Monitoring Officer  Dan Moynihan Senior Lawyer & Deputy Monitoring Officer
<b>Portfolio of:</b>	Cllr Katie Lomas Executive Member for Finance, Performance, Major Projects, Human Rights, Equality, and Inclusion

## Decision Report: Veritau – Creation of New Audit & Assurance Company Limited by Guarantee

### Subject of Report

1. This report is for the Executive to consider the establishment of a brand new *Teckal* company limited by guarantee (hereafter referred to as “**Newco**” – please note that at the time of this paper a company name is yet to be chosen), for the continued provision of audit and assurance services to the Council of the City of York (“**CYC**”), North Yorkshire Council (“**NYC**”), Middlesbrough Council (“**MC**”), and Redcar and Cleveland Borough Council (“**RBCB**”) (and potentially other local authority members in due time).
2. The current *Teckal* company, Veritau Limited (“**VL**”) (currently co-owned by CYC and NYC), is likely to cease meeting the *Teckal* requirements set out in Reg. 12(1) of the Public Contract Regulations 2015 (the “**Procurement Regs**”) in the very near future and needs to restructure its current company group structure/shared service model in order to admit new member authorities to retain *Teckal* status and to remain competitive in the growing shared service market.

3. VL have provided a business case for the proposed restructure, attached to this document as **Confidential Annex A**, which has been summarised in the remainder of this report. VL have also provided the Veritau Group’s budget for 2024-25, which has been attached to this document as **Confidential Annex B**.
4. **The contents of both this Report and the Background Documents annexed hereto are to be treated as exempt under Section 100I and paragraphs 3 and 4 of Schedule 12A of the Local Government Act 1972.**

This is due to commercial sensitivities relating to the financial or business affairs of any of VL, CYC and each of the other member authorities, and due to information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising in relation to the proposals discussed here.

## **Benefits and Challenges**

5. A full breakdown of the benefits and challenges for the formation of Newco and the other options presented in this report is set out in “**Options Analysis and Evidential Basis**” below, and in **Sections 37 and 38 of Confidential Annex A attached.**

## **Policy Basis for Decision**

6. In December 2022, Full Council approved a 10-Year Plan, known as “York 2032”, and 10-Year Strategies. The Council Plan 2023-2027 was approved by Full Council in September 2023, and contributes to delivery of the 10-Year Strategies. The Council Plan has four core commitments, that define the outcomes the council will deliver over the current administrative term:
  - Affordability;
  - Environment;
  - Equalities and Human Rights; and
  - Health Inequalities.

The proposals within this report are consistent with these four key pledges as follows:

- a) **Affordability** – The recommendations of this report will secure continuing employment for a number of staff in York and wider region. It will also look to retain a cost-effective audit, risk and assurance service which supports CYC in providing assurances about the efficient and effective delivery of its services to the residents of York and will provide CYC with resilience and support CYC in meeting the financial challenges ahead.
- b) **Environment** - The recommendations set out within this report will ensure that CYC continues to receive necessary audit, risk, and assurance advice on environmental and climate change matters to help reduce CYC’s environmental impact and identify relevant performance targets and measures that will help CYC work towards its goal of becoming net-zero by 2030.
- c) **Health Inequalities** – Financial auditing of local authorities also plays a crucial role in promoting health and wellbeing by ensuring efficient resource allocation, fostering transparency and accountability, preventing fraud and mismanagement, facilitating long-term planning, and promoting stability and confidence within communities.

## **Financial Strategy Implications**

- 7. The proposal to create a new *Teckal* company does not have any longer-term implications for CYC’s Financial Strategy. It does however ensure continued provision of a high quality, value for money internal audit service. Internal audit is required to assess internal control and promotes ongoing efficiency across the organisation. The recommended option set out within this report promotes resilience in terms of having access to a wider staff group who can bring experience from other councils. This will support CYC in meeting the financial challenges ahead.

## **Recommendation and Reasons**

- 8. **It is recommended that the Executive:**
  - a) further to Article 12 of the Constitution for the Council of the City of York, approve the formation of a new *Teckal* compliant

company limited by guarantee together with NYC, Middlesbrough Council, and Redcar and Cleveland Borough Council for the delivery of audit and assurance services to these authorities; and

- b) approve the novation of current Service Agreement between the Council of the City of York and Veritau Limited dated 22<sup>nd</sup> December 2022, relating to the provision of audit, counter fraud, and information governance services (the “**CYC Service Agreement**”), to the new company;
- c) approve the payment by Veritau Limited of a one-time £20,000 dividend to the Council of the City of York and a one-time £20,000 dividend to North Yorkshire Council;
- d) approve payment of a one-off £20,000 subscription fee by the Council of the City of York to the new company, once the new company has been incorporated; and
- e) delegate authority to the Director of Governance to negotiate, draft and conclude with the other member authorities and Veritau Limited all necessary documentation linked to the formation of the new company (including (but not strictly limited to) the new company’s Articles of Association, Members Agreement, and the Novation of the Service Agreement).

9. **Reasons:**

- a) To ensure that Veritau (as a group) can continue to deliver audit and assurance services to CYC and the other member authorities (both present and future) in compliance with Reg. 12(1) of the Procurement Regs (and Schedule 2, Part 1, Para 2 of the Procurement Act 2023 once this comes into force later in October 2024).
- b) To allow greater flexibility than the current shared service model, by allowing new member authorities to be more easily admitted and exiting members to leave more easily.
- c) To remove or reduce duplication of costs/operating inefficiencies within the current shared service model.

- d) To allow VL to continue to grow its commercial offering for the benefit of its current shareholders, CYC and NYC.
- e) To mitigate the possible risks to VL's position caused by the emergence of other local authority shared service providers which, it is anticipated, will increasingly come to dominate the sector.

## Background

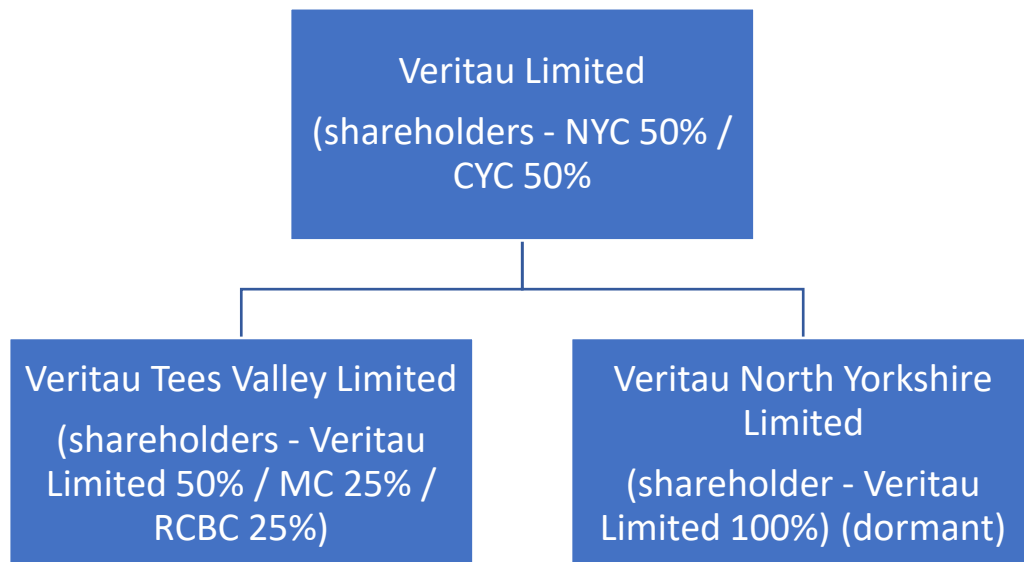
- 10. The full background and context to this paper is set out in full in **Confidential Annex A** but has been summarised for Executive members below.
- 11. VL was established and began trading on 1<sup>st</sup> April 2009 as a shared service for internal audit, counter fraud, and information governance services for CYC and NYC (then North Yorkshire County Council). The company is currently jointly owned by CYC and NYC, with each holding 50% of the share capital. The existing in-house teams were transferred to the company by both CYC and NYC, and it started trading.
- 12. The shared service model proved to be successful, resulting in several other local authorities expressing an interest in joining.
- 13. A further joint venture company called Veritau North Yorkshire Limited ("**VNY**") was established in February 2012, which was co-owned by VL and five of the North Yorkshire district / borough councils.
- 14. Following local government reorganisation in 2023, VL purchased the shares in VNY previously held by the North Yorkshire district / borough councils. VNY is therefore now a wholly owned subsidiary of VL, and the company is currently dormant.
- 15. A second joint venture company called Veritau Tees Valley Limited ("**VTV**") was formed in December 2019. Ownership of the company is as follows:

### Shareholding

MC	25%
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RCBC	25%
VL	50%

16. Both VL and VTV were established as *Teckal* companies. This enabled the local authority members of both companies to take advantage of the exemption contained under Reg 12(1) of the Procurement Regs and Schedule 2, Part 1, Para. 2 of the Procurement Act 2023 to award long-term contracts to the companies for the supply of services without the requirement to undertake a public procurement exercise, providing certain conditions were satisfied throughout the life of any long-term contracts they have with local authority members, namely:
- a) the relevant local authority on its own or jointly with other contracting authorities exercises a similar degree of control over the company as it does over its own departments;
  - b) more than 80% of the work undertaken by the relevant Veritau company is for the benefit of the local authority members or for other organisations controlled by the same local authorities (averaged over 3-years); and
  - c) there is no private capital participation in the relevant Veritau company.
17. VL and VTV currently operate as a single business entity and together form the Veritau group. The current structure is therefore:



18. Both VL and VTV are subject to articles of association and shareholder agreements which have been drafted to reflect local authority control and the *Teckal* provisions above. The relevant local authority members also have a presence on the boards of VL (CYC – 2 x directors; NYC – 2 x directors; 2 x Executive Non-council directors) and VTV (MC – 1 x director; RCBC – 1 x director; 2 x Executive Non-council directors), to ensure the *Teckal* control requirements are met. Further, each local authority member also has arrangements in place to maintain oversight over the strategic direction and performance of the Veritau Group. They also ensure that Veritau’s purpose and aims continue to be aligned to their own priorities. In most cases this involves the approval of the Veritau Group Business Plan and Annual Budget by the respective shareholder representative or (as is the case with CYC) Shareholder Committees and the periodic reporting of performance including the submission of audited financial statements and an annual report. Together with the Articles and Shareholders’ agreement, these arrangements to date have helped to demonstrate the degree of control required to satisfy the *Teckal* exemption.
  
19. However, in addition to providing assurance services to its four local authority members, the Veritau Group now provides assurance services to over 700 clients. These clients include other councils, council owned companies, other local authority shared services, a children’s trust, national park authorities, multi academy trusts and schools. In addition, services are also provided to two national

sports governing bodies, and some EdTech companies and charities. The group's budgeted turnover for 2024/25 is approximately £3.8m, split as follows:

Client	£k	%
NYC (VL)	1,662	43.9
CYC (VL)	657	17.4
RCBC (VTV)	221	5.8
MC (VTV)	221	5.8
Other fee income – LA controlled	220	5.8
External clients	806	21.3
Total	3,787	100.0

20. This expansion of the commercial offering has coincided with a reduction in the value of services provided to CYC and the other local authority members in recent years as a result of the need to deliver budget savings, which means that VL and VTV are not expected to be *Teckal* compliant in 2024/25. This is due to the estimated value of the work undertaken for the benefit of the contracting authorities or for other organisations controlled by the same contracting authorities falling below the required 80% threshold (averaged over 3-years).
21. The fee structure for the local authority members is also different to that for external clients. The fees charged to the local authority members are intended to cover the costs of providing the service. In other words, Veritau does not aim to make a profit from this work. The fees charged to external clients include a notional element to cover the costs of office accommodation provided by local authority members but are also set to deliver a profit. The additional work helps to maintain capacity, avoids the need to make redundancies, delivers further economies of scale, keeps costs down for the member councils and the profits can be reinvested into service development. However, there are cost inefficiencies with the current



shared service model based on two *Teckal* companies, for example insurance, external audit, financial management and administrative costs are effectively duplicated.

22. Notwithstanding the above, the shared service model continues to attract interest from other councils. As a result, discussions have been held with a number of councils about the possibility of them joining Veritau as full members, with two further councils now formally requesting to join. The addition of new local authority members would help to counteract the increasing shift to external work in recent years that has placed the Veritau Group's *Teckal* status at risk; however, the existing corporate structure for both VL and VTV does not allow new local authority members to be easily admitted due to the need to issue additional shares, and the impact this has on existing shareholdings. Existing member councils also cannot easily leave.
23. Finally, a change to the current shared service model could help to address the possible threats to Veritau's competitive position caused by the emergence of other local authority shared service providers. In terms of its commercial offering, Veritau is in competition with a number of established providers of internal audit and information governance services. These include large and medium sized accountancy firms and smaller specialist providers. There is generally less competition for counter fraud services. In terms of Veritau's non-commercial/public sector offering, more local authorities are shifting away from having in-house internal audit and counter fraud teams to more partnership working and other forms of collaboration to address capacity issues, deliver economies of scale and provides access to technical expertise. Veritau expects some of these new shared service providers will increasingly come to dominate the sector and Veritau may lose its ability to compete. Being able to admit new councils as full members in the short to medium term will help to mitigate this risk.
24. In short, the key drivers for a change to Veritau's current shared service model are:
  - a) to maintain its *Teckal* status to allow Veritau to continue delivering audit and assurance services to its current local authority members;
  - b) to allow Veritau to continue to grow its commercial offering, for the benefit of its local authority shareholders and to allow

Veritau to remain competitive in the current shared service market;

- c) to allow for more local authorities to join to ensure its *Teckal* compliance and continue said expansion.

## Consultation Analysis

25. The Executive Member for Finance, Performance, Major Projects, Human Rights, Equality, and Inclusion, the Director of Governance and the Chief Finance Officer were briefed on 19<sup>th</sup> March 2024 by the Chief Executive and Head of Internal Audit at VL, and were presented with and given the opportunity to provide feedback on the Business Case, which following said meeting was updated and is now in the form attached to this paper as **Confidential Annex A**. Other member authorities have also been similarly briefed.
26. Apart from as set out in paragraph 25 above, no other consultation has taken place or was deemed necessary.

## Options Analysis and Evidential Basis

27. A full options analysis in respect of this paper is set out in full in **Sections 37 and 38** of **Confidential Annex A** but has been summarised for Executive members below.
28. In order to address the issues facing the Veritau Group as described in the **Background** to this paper above, the Executive are asked to consider the following four options:

- a) **Option 1 - Do Nothing**

This option is not viable as legal advice has indicated that Veritau will not be *Teckal* compliant in 2024/25 due to the current value of external fee work exceeding the 20% limit (see **Background** above and **Legal Implications** below).

This could open up CYC and the other member authorities to possible legal challenge.

**b) Option 2 - Keep the existing business structure but take immediate steps to reduce external work to return to Teckal compliance**

This would involve reducing the value of external fee work to below 20% of total turnover, which would take time to achieve due to the number of contracts in place and have an impact on the group's financial viability due to the loss of profitable commercial work.

There might also be additional costs due to the need to make staff redundancies, and concerns that in the longer-term, Veritau would also become less attractive as an employer due to the restricted career opportunities.

In addition, further reductions in the value of external fee income might be required to match any reductions in the value of services being provided to the member authorities as a consequence of the need to deliver budget savings. The corporate structure also would still not allow for the easy admission of new member authorities.

This option is therefore also considered non-viable.

**c) Option 3 - Re-purpose VNY and novate all external commercial work to VNY**

This option would involve VL transferring its shares in the current dormant company, VNY, to NYC and CYC and converting the company into a standalone commercial business. The existing commercial contracts held by VL would then be novated to VNY.

This would partially address the concerns about *Teckal* non-compliance but would still not allow for the easy admission of new member authorities to assist with continued expansion of the external commercial work, due to VL's status as a company limited by shares.

This option is therefore also considered non-viable.

**d) Option 4 - Form a brand new Teckal compliant company limited by guarantee**

This option would involve the creation of a new standalone company limited by guarantee (hereafter referred to as “**Newco**” – please note that at the time of this paper a company name is yet to be chosen).

The four existing member authorities (CYC, NYC, MC and RCBC) would all become members in the new company, Newco, along with the two new local authorities who have expressed an interest in joining (and potentially further members in time).

Each member authority of Newco will be required to pay a one-off subscription fee of £20,000 each to join to cover set-up costs, working capital and contingencies. With regards to CYC, this £20,000 fee will come from a £40,000 dividend from VL to CYC and NYC. There would be no external financing or requirement for the member authorities to provide additional loans to Newco. Future members may be required to pay an increased subscription fee in later years.

The future liability of CYC and the other member authorities, otherwise known as the guarantee, would be capped at an agreed value of no more than £10. The guarantee is the maximum sum which would need to be paid by the member council to the company in the event of the company being wound up. If CYC or one of the other local authorities ceased to be a member of Newco, the guarantee would continue to apply for one year after the date of exit.

The existing contracts for the supply of assurance services to the current member authorities would then be novated to the new company. Other local authorities outside of CYC, NYC, MC and RCBC will be required to enter into new contracts with Newco.

All the existing commercial contracts would remain with VL and VL would become a non-*Teckal* company providing services to external clients. VL would continue to be a company limited by shares co-owned by CYC and NYC. To

the extent that VL makes a surplus in respect of any services it provides externally, this would either be reinvested in its business operations or returned to CYC or NYC in the form of a dividend.

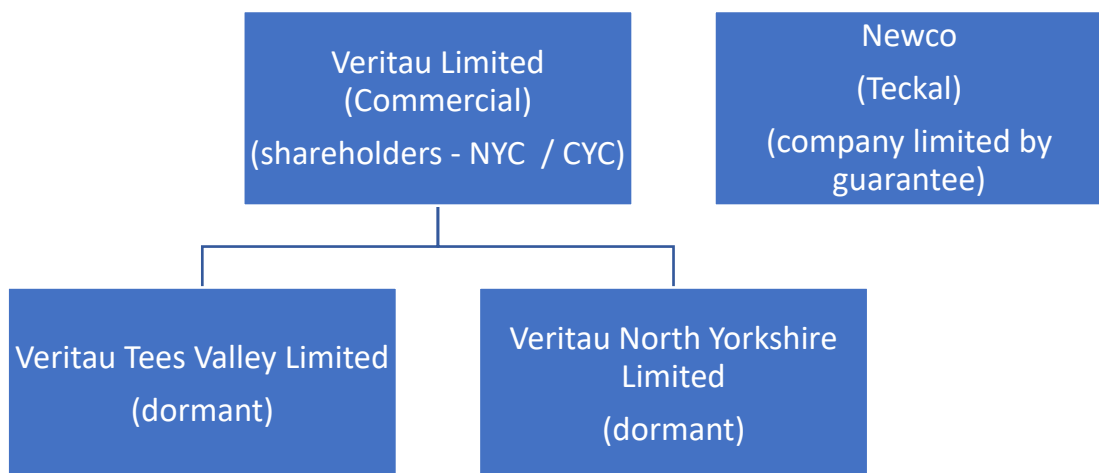
In respect of staffing, Newco would recharge the associated payroll and overhead costs to VL at a market rate, and, in respect of strategic leadership services, Newco would charge VL a management fee.

To the extent that Newco make a surplus in respect of any services it provides (whether to VL or to its member councils), this would either be reinvested in its business operations or returned to the member councils in the form of a rebate.

Both VNY and VTV would then be wound up and have their bank accounts closed, and insurance cover reduced. The total savings achieved from winding-up the companies would be approximately £10,000 per annum. This saving would offset the costs of establishing and operating Newco.

The projected fee income of Newco in 2024/2025 is expected to be approximately £3,942,000, including income from the two new member councils and recharges to VL. The projected fee income of VL in 2024/25 is expected to be approximately £806,000, with an assumption that fee income from external contracts would be expected to grow by up to 10% per annum.

The Veritau Group structure would be as follows:



This corporate structure would satisfy the *Teckal* Exemption. A company limited by guarantee would also facilitate the admission and exit of member authorities.

29. **Option 4 is therefore the preferred recommended option to the Executive.**
30. The full details of the proposals under Option 4 can be found in **Sections 39 to 66 and Appendix A of Confidential Annex A.**
31. A further report would be taken to Executive at the proper time to approve and ratify the Articles of Association, Members Agreement, Service Contract and any other governance documents and arrangements underpinning Newco.

## **Organisational Impact and Implications**

### 32. ***Financial***

The financial implications of this report relate to the proposal to pay both CYC and NYC a dividend which is then subsequently used to pay a one-time subscription fee for the new company, Newco. This will allow Newco to operate with a minimum level of reserves, but without any additional financial risk to CYC.

### 33. ***Human Resources (HR)***

There are no HR implications to this report.

### 34. ***Legal***

#### ***a) Vires***

CYC (and the other member authorities) would rely on their general trading powers as set out in Section 95 of the Local Government Act 2003 and Section 4 of the Localism Act 2011 to set up a new company.

Section 95 of the Local Government Act 2003 allows relevant authorities to undertake any commercial activities which they would otherwise be authorised to undertake for the purpose of performing their ordinary functions.

Section 4 of the Localism Act 2011 confers a general power on local authorities to undertake any commercial activities which they would be authorised to do in the exercise of their general power of competence. Where a local authority relies on these general trading powers then they must do so through a company.

The Section 95 and Section 4 General Trading Powers also prescribe which company structures may be used. These include companies limited by shares and by guarantee.

Each local authority must also prepare a business case supporting the exercise of the Section 95 power, which the authority must approve (Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009). The business case attached to this paper as **Confidential Annex A** is deemed to satisfy this requirement.

#### ***b) CYC Constitution and Reserved Matters for Shareholders***

The Leader and Executive are responsible for all of CYC's functions (including local area functions), except those which are required by the law or CYC's Constitution, to be the responsibility of CYC itself, or any other non-Executive part of CYC.

The decision to form a new company under the provisions of the Local Government Act 2003 and the Localism Act 2011 referred to above, subject to input and advice from officers, is an Executive function.

In any event, as per the information in this paper and **Confidential Annexes A and B**, as the budgeted turnover for services to be provided by the Veritau Group to CYC in 2024/25 is likely to exceed £500,000 any decision relating to this service is arguably a Key Decision reserved to Executive.

Article 12 of the CYC Constitution delegates authority from the Executive on certain matters relating to *Teckal* and *Non-Teckal* companies to the Shareholder Committee. However, the Executive as the parent committee still has authority to

take decisions that would otherwise be delegated to the Shareholder Committee under Article 12.

### **c) Commercial and Procurement Law Implications**

CYC Legal Services have been consulted already with regards to the proposals under Option 4 of this paper.

The proposed new corporate structure under recommended Option 4 of this paper will satisfy the control and functional tests set out in the Procurement Regs, and also meet the requirements of the Procurement Act 2023, when this comes into force. The *Teckal* exemption would therefore apply for the award of contracts to Newco without the need to go through a procurement process.

This requirement for joint control by the member authorities will be ensured principally through the prescription of “Reserved Matters” either within Newco’s Articles or a Members Agreement (both of which require the input of Legal Services) and by the corresponding Scheme of Delegation – requiring the “owners” to approve key aspects of the business.

Further, it will be possible for Newco to admit new members to it provided that the vehicle continues to satisfy the control and activities tests under *Teckal*. CYC and the other controlling authorities will need to actively participate in the governance and management of Newco and contribute to financing its activities. A *Teckal* arrangement must operate as a shared and controlled “in-house” department rather than as a purchasing arrangement. Services provided by Newco to the member authorities must be provided on a non-commercial basis, as is currently the practice with VL. This does not preclude Newco from establishing a surplus as an operational buffer, provided that this is either used in operation of the cooperative arrangements and/or periodically “reconciled” between the CYC and the other controlling contracting authorities in the form of a rebate.

In addition to providing Audit Services to its Member Councils, Newco will also provide staff resources and strategic leadership services to VL on an ongoing basis (the “**VL Services**”). Since VL will (going forward) be a commercial entity, any services provided to VL will count towards the (less



than) 20% total activity limit imposed by *Teckal*. If the proposal is for Newco to wholly resource VL, it is important to note that its ability to do so will always be limited by its less than 20% “trading allowance” cap, so the ability of Newco to meet the staffing needs of VL will be limited. VL may therefore decide to employ its own staff in the future to avoid any risk of the *Teckal* position being compromised.

Services provided by Newco to VL would be charged at market rates. If discounted rates will apply, then there may be subsidy control considerations to be considered under the Subsidy Control Act 2022.

The Procurement Act 2023 introduces slightly different tests for *Teckal* (under the Act referred to as “vertical arrangements”) but in practice the control test contained in Schedule 2 of the Act is not that fundamentally different from the test currently contained under Reg 12(1) of the Procurement Regs. There is, however, a new component of the test under the Procurement Act, requiring that any controlling or member entity fulfils the requirement of “parent undertaking” as defined under section 1162, Companies Act 2006. It is worth noting that, whilst on its face this section appears relatively straightforward to apply, the fact that it is a test under the Companies Act 2006 rather than procurement legislation means that company law considerations will need to be considered. Further Government guidance is to be published on the Act and the scope of the vertical arrangement exemption and Legal Service’s advice on this topic remains subject to any changes that may be introduced as part of those or any other future amendments.

All documentation relating to Newco, including (but not limited to) the Articles, any Members Agreement, and novation of the existing members Service Agreements and any new standard form of service contract, will require the input of CYC Legal Services.

In terms of novating the CYC Service Agreement, both Legal Services and colleagues in Commercial Procurement must be consulted to ensure that:

1. The CYC Service Agreement is properly novated with a Deed of Novation in accordance with Rule 19.3.2(i) of CYC's Contract Procedure Rules under Appendix 11 of the CYC Constitution.
2. The CYC Service Agreement is properly novated in compliance with Reg. 72(1)(d) of the Procurement Regs.
3. That the handover of the Services from VL to Newco is done so in accordance with the Exit Strategy under Schedule 4 of the CYC Service Agreement, including any indemnities from VL to CYC in relation to any employment matters and/or claims as result of the transfer of Services from VL to Newco (colleagues in HR and Finance should also be engaged with on any TUPE/Pension related matters).

Finally, as with VL, Newco's own procurement activities will be bound by the Procurement Regs and later the Procurement Act 2023, and, as wholly owned local authority trading companies, both VL and Newco will also be covered by the provisions of the Freedom of Information Act 2000.

### 35. ***Procurement***

For CYC to continue to receive an audit and reassurance service, Option 4 outlined in the paper is the most effective option. Option 4 will comply with the requirements in the current Procurement Regs and will also comply with the upcoming Procurement Act 2023 coming into force October 2024. To properly implement this structure, both the Commercial Procurement Team and Legal Services must be consulted to novate the CYC Service Agreement as per the Procurement Regs and the Council's Contract Procedure Rules. Procurement and Legal must be sought for further guidance and support when required.

### 36. ***Health and Wellbeing***

Public Health is broadly in favour of the recommendations under this report, as financial auditing of local authorities plays a crucial role in promoting health and wellbeing by ensuring efficient resource allocation, fostering transparency and accountability, preventing

fraud and mismanagement, facilitating long-term planning, and promoting stability and confidence within communities.

### 37. ***Environment and Climate Action***

The recommendations set out within this report will ensure that CYC continues to receive necessary audit, risk, and assurance advice on environmental and climate change matters to help reduce CYC's environmental impact and identify relevant performance targets and measures that will help CYC work towards its goal of becoming net-zero by 2030.

### 38. ***Affordability***

The recommendations of this report will secure continuing employment for a number of staff in York and wider region. It will also look to retain a cost-effective audit, risk and assurance service which supports CYC in providing assurances about the efficient and effective delivery of its services to the residents of York.

### 39. ***Equalities and Human Rights***

CYC recognises, and needs to take into account its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).

At the time of writing, it is believed that there are no Equalities or Human Rights implications in respect of the matters discussed in this report. However, an Equalities Impact Assessment ("**EIA**") will be carried out in due course and the process of consulting on the recommendations in this report will identify any equalities implications on a case-by-case basis, and these will be addressed in future reports.

### 40. ***Data Protection and Privacy***

Data protection impact assessments (“**DPIAs**”) are an essential part of our accountability obligations and is a legal requirement for any type of processing under UK data protection and privacy legislation. Failure to carry out a DPIA when required may leave CYC open to enforcement action, including monetary penalties or fines.

DPIAs helps us to assess and demonstrate how we comply with all of our data protection obligations. It does not have to eradicate all risks but should help to minimise and determine whether the level of risk is acceptable in the circumstances, considering the benefits of what the council wants to achieve.

The DPIA screening questions were completed for this report and as there is no personal data being processed for the options set out in this decision report, there is no requirement to complete a DPIA at this point. However, this will be reviewed where required following the decisions from this report.

#### 41. ***Communications***

Any Communications Service support necessary in relation to this report is likely to be limited to reactive media management only.

#### 42. ***Economy***

There are no Economy implications to this report.

### **Risks and Mitigations**

43. Please refer to **Background, Option Analysis Evidential Basis and Organisational Impact and Implications** above, and **Sections 37 to 66 and Appendix A of Confidential Annex A.**

### **Wards Impacted**

44. All Wards.

### **Contact details**

For further information please contact the authors of this Decision Report.

### **Author**

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<b>Report approved:</b>	Yes
<b>Date:</b>	9 <sup>th</sup> April 2024

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<b>Report approved:</b>	Yes
<b>Date:</b>	9 <sup>th</sup> April 2024

## Background papers

N/A

## Annexes

- Confidential Annex A - Business Case for formation of Newco submitted by VL on 20<sup>th</sup> March 2024.
- Confidential Annex B – Veritau Group Budget 2024-25