

# **CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE**

**14 October 2024**

## **Veritau Business Update**

### **Introduction**

- 1 Veritau Limited is a local authority company jointly owned by City of York Council (CYC) and North Yorkshire Council (NYC). The company was established in 2009. The company currently has one active subsidiary company, Veritau Tees Valley Limited.
- 2 A new company, Veritau Public Sector Limited (VPS) was established in May 2024 and started trading on 1 August 2024. The company is limited by guarantee and currently has 4 member councils, CYC, NYC, Redcar & Cleveland Borough Council and Leicester City Council. Two further councils are expected to join in the next few months. VPS is a 'not for profit' Teckal company which provides assurance related services to its member councils. Each member council, including CYC, maintains control of the company through the articles and members' agreement with all key business decisions listed as reserved matters.
- 3 The Veritau Limited provides services on a commercial basis to a large number of multi-academy trusts and schools, housing associations and other public sector organisations. The company has clients across the United Kingdom.
- 4 VPS delivers shareholder value to its member councils through:
  - economies of scale resulting in lower unit costs – the costs to each member council would be higher for an equivalent quality of service if delivered in-house or if the service was fully outsourced
  - increased efficiencies, resilience and flexibility – standard working practices ensure there is less duplication of effort and the larger workforce allows greater flexibility to manage demand
  - improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) which would not otherwise be available to in-house teams or smaller shared services
  - improved service continuity and less reliance on key members of staff for service delivery. The opportunities offered for career

progression and development also make it easier to recruit and retain staff

- the ability to invest in new technologies and working practices
- greater depth of knowledge and expertise – staff have more insight due to the experience gained through working for multiple clients. This improves the quality of the services being provided.

## **Finance and Performance Update**

- 5 Since the last meeting of the Shareholder Committee on 24 June 2024, the corporate restructure has been successfully completed. As noted above, VPS started trading on 1 August 2024 and the staff previously employed by Veritau Limited and Veritau Tess Valley were transferred to the new company on that date. Two members of staff were also subject to a TUPE transfer from Leicestershire County Council.
- 6 Veritau Limited has continued to promote its services to schools and other public sector organisations. A number of schools have signed up for data protection officer services in the period. Bids have also been submitted to provide internal audit services to a number of other academy trusts. A number of existing clients have also extended their current contracts.

### 2023/24 Financial Statements

- 7 The 2023/24 accounts have been audited. The operating results for Veritau Limited and its subsidiaries (excluding accounting and pension adjustments and before tax) are:

	<b>2023/24 (budget)</b>	<b>2023/24 (actual)</b>	<b>2022/23 (actual)</b>
	<b>£ (k)</b>	<b>£ (k)</b>	<b>£ (k)</b>
Turnover	3,699	3,836	3,148
Cost of sales	(3,385)	(3,468)	(2,840)
Gross profit	314	368	308
Other income	11	29	9
Overheads	(293)	(345)	(288)
Net profit/(loss) before tax	32	52	29

A copy of the 2023/24 draft financial statements for Veritau Limited are attached as confidential **appendix 1** for information.

2024/25 Management accounts

- 8 The management accounts for the 4-month period to 31 July 2024 show that Veritau Limited and its group companies are on target to achieve the budgeted profit, as follows:

	<b>2023/24 YTD budget £ (k)</b>	<b>2023/24 YTD actual £ (k)</b>
Turnover	1,262	1,467
Cost of sales	(1,145)	(1,090)
Gross profit	117	377
Other income	8	8
Overheads	(113)	(149)
Net profit/(loss) before tax	12	236

- 9 There have been no exceptional items to date. However, the budget and actual income and expenditure have now been adjusted to reflect the restructure. The quarter 2 management accounts will therefore reflect the split of the business since 1 August 2024.

**Veritau Public Sector Limited (VPS)**

- 10 As part of the governance arrangements for the new company, each member council is required to nominate an officer to serve as the council's representative on the members' committee. The responsibilities of the members' committee representative are set out in the members' agreement but are essentially to provide oversight of the company and to agree decisions reserved to the member councils which require approval or consent. Further internal approvals may be required depending on each council's scheme of delegation. Subject to approval, it is proposed that Bryn Roberts (Director of Governance) is appointed as the members' committee representative for CYC.
- 11 The business case for the establishment of VPS included a long-term aim to grow the company through the admission of new members. It was also anticipated that Veritau Limited would continue to deliver profits through the expansion of commercial work.

- 12 Bradford Children and Families Trust (BCFT) has now applied to become a member of VPS. The request has been considered by the VPS board. The Trust is a company limited by guarantee, wholly owned by Bradford Metropolitan District Council. The Trust is independent of the Council and is now responsible for the provision of children's services in Bradford. There are a number of benefits to allowing BCFT to join VPS. The Trust is locally based, the contract will provide additional income, and it will help confirm Veritau as a supplier of choice in this developing sector. The admission of new members requires the unanimous agreement of all the existing members. The shareholder committee is therefore requested to approve the admission of BCFT as a member organisation, on a date to be agreed.

### **Recommendations**

- 13 That the shareholder committee:
- a) notes the draft accounts of Veritau Limited for 2023/24
  - b) notes performance since the last business update report in June 2024
  - c) approves the appointment of Bryn Roberts (Director of Governance) as the VPS members' committee representative
  - d) approves the admission of Bradford Children and Families Trust as member of VPS, on a date to be agreed.

### **Appendices (Confidential)**

Appendix 1 – 2023/24 Veritau Limited financial statements

### **Further Information**

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