

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

31 October 2022

Veritau Limited Business Update

Introduction

- 1 Veritau Limited is a local authority shared service company jointly owned by the City of York Council (CYC) and North Yorkshire County Council (NYCC). The company was established in 2009. The company has two subsidiary companies, Veritau North Yorkshire Limited and Veritau Tees Valley Limited, which are part owned by other councils. Together the companies form the Veritau Group.
- 2 The wider Veritau Group has 9 member councils but also provides services to a large number of multi-academy trusts and schools, housing associations and other public sector organisations. The group employs approximately 80 professional staff and offers a range of assurance services, including internal audit, counter fraud, risk management, and information governance. The majority of these services are delivered to organisations in the Yorkshire and Teesside regions although the group has clients across the United Kingdom.
- 3 Veritau delivers shareholder value to its member councils through:
 - economies of scale resulting in lower unit costs
 - increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort and best practice is more easily shared
 - improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) that would otherwise not be available to a small in-house team
 - increased resilience and the ability to accommodate changes in workload because of the larger pool of staff available
 - improved service continuity and less reliance on key members of staff for service delivery
 - the ability to invest in new technologies and working practices

Finance and Performance Update

- 4 Since the last meeting of the Shareholder Committee on 15 June 2022, the Group has continued to gain contracts to provide internal audit and data protection services to schools and other public sector organisations. We have also gained our first charity client.
- 5 During the period, 3 ‘aspiring managers’ have progressed to become assistant directors and 2 trainee information governance officers have completed their professional qualifications and progressed to be officers. Across all our services we have also recruited another 5 new trainees. A further recruitment exercise is currently underway.

2021/22 Financial Statements

- 6 The audit of the 2021/22 accounts has now been completed. The operating results for the Group (excluding accounting and pension adjustments and before tax) were:

	2021/22	2020/21
	£ (k)	£ (k)
Turnover	2,830	2,601
Cost of sales	(2,472)	(2,408)
Gross profit	<u>358</u>	<u>193</u>
Other income	5	2
Overheads	(241)	(212)
Net profit/(loss) before tax	<u>122</u>	<u>(17)</u>

- 7 A copy of the 2021/22 financial statements for Veritau Limited are attached as confidential **appendix 1** for information.

2022/23 Management Accounts

- 8 The Group management accounts for the 6 month period to 30 September are attached for information as confidential **appendix 2**. The management accounts include a forecast to the year end.

- 9 Whilst DPO and other external fee income is projected to be higher than expected the final 2022/23 pay award is more than we budgeted for (the average increase is 6.35% compared to 3%). The Group is therefore expected to only breakeven this year.

Other service developments

- 10 The Group has retained its Investors in People accreditation. We have also launched our new eLearning platform for school clients. The platform offers schools access to a suite of data protection eLearning courses. Further courses are currently being developed.

Procurement

- 11 As previously reported, the majority of the Group's expenditure is employee related, and support services (for example, IT, legal, HR and payroll) are mostly provided by our member councils. Procurement activity is therefore limited. Any goods and services which are bought-in are procured in accordance with the Group's contract procedure rules.

Sustainability

- 12 The Group's business objectives have been updated for 2022/23 to include a specific commitment to ensure the business is delivered in an environmentally sustainable manner. This commitment is underpinned by our environment and sustainability policy.
- 13 The Group has also moved to a hybrid working model as a way to reduce travel and hence our carbon footprint. We are currently working towards achieving Good Business Charter status. As part of this we have made changes to our pay scale to ensure all grades are above the Real Living Wage rate.

Recommendations

- 14 That the shareholder committee notes the Group's performance since the last business update report.

Appendices (Confidential)

Appendix 1 – 2021/22 Veritau Group financial statements

Appendix 2 – 2022/23 Veritau Group management accounts
(quarter 2)

Further Information

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