

ANNEX 1:

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

2 February 2026

Veritau Business Update

Introduction

- 1 Veritau Limited is a shared service company jointly owned by City of York Council (CYC) and North Yorkshire Council (NYC). The company was established in 2009. The company currently has two dormant subsidiary companies, Veritau Tees Valley Limited and Veritau North Yorkshire Limited.
- 2 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 6 member councils, CYC, NYC, Redcar & Cleveland Borough Council, Middlesbrough Council, Leicester City Council and Cherwell District Council. VPS is a 'not for profit' Teckal company which provides assurance related services to its member councils. The member councils maintain control of the company through the articles and members' agreement with all key business decisions listed as reserved matters.
- 3 Veritau Limited provides services on a commercial basis to multi-academy trusts and schools, housing associations, charities 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. We can also more easily support our staff to gain specialist qualifications and to become subject matter experts.

5 Both of Veritau Limited's existing subsidiary companies will be wound-up this year.

Finance and Performance Update

6 Veritau Limited has continued to promote its services to schools, councils, charities and other potential clients. A number of academy trusts and other clients have signed up for data protection officer and internal audit services in the period. Bids have also been submitted to provide internal audit services to a number of other academy trusts. Several existing clients have also extended their current contracts.

2025/26 Management accounts

7 The management accounts for the 9 months to 31 December 2025 show that Veritau Limited and VPS Limited are both on target to achieve their budgeted profit, as follows:

Veritau Limited

	2025/26 Q3 actual £ (k)	2025/26 Forecast £ (k)
Turnover	765	1,252
Cost of sales	(563)	(1,154)
Gross profit	202	98
Other income	5	7
Overheads	(96)	(90)
Net profit/(loss) before tax	111	15

Veritau Public Sector Limited

	2025/26 Q3 actual £ (k)	2025/26 Forecast £ (k)
Turnover	2,449	3,330
Cost of sales	(2,475)	(3,054)
Gross profit	(26)	276
Other income	10	14
Overheads	(214)	(286)
Net profit/(loss) before tax	(230)	4

8 As part of the process to wind-up the company, Veritau North Yorkshire Limited has also paid a final net dividend of £72k to Veritau Limited. There have been no other exceptional items of income or expenditure in the period.

2026/27 Business Plans

9 Separate business plans are prepared for each company, to reflect their different purposes, aims and objectives.

10 The draft business plans set out the strategic aims of each company for the next three years to 2029, and the service priorities for 2026/27. The business plans also include details of the respective draft budgets for each company, as follows:

	VPS Limited 2026/27 £ (k)	Veritau Limited 2026/27 £ (k)
Turnover	3,889	1,155
Cost of sales	(3,492)	(935)
Gross profit	397	220
Other income	11	5
Overheads	(324)	(117)
Net profit before tax	84	108

- 11 Capital expenditure of £45k is planned by VPS in 2026/27. This includes further investment in IT hardware, data analytics and AI functionality.
- 12 The key business priorities for 2025/26 include the continued growth of the business and further developments in the quality and scope of the service offering. For VPS, growth will be achieved through the admission of new member councils and the provision of more services to existing members. For Veritau Limited, this includes the provision of services across a wider geographical area. Transforming how we operate by using technology to support more efficient and agile working will also remain a priority.
- 13 In addition, the following service priorities have been identified for 2026/27:
 - Internal audit – to use the new K10 Vision audit management system to improve efficiency and client communications, to further develop the use of modern and collaborative auditing approaches, increase data analytics / IT audit capacity. We will also continue to develop our knowledge of AI to ensure we are well placed to support our clients to deliver transformational change
 - Information governance – to continue to promote data protection and information access services to our clients, and to integrate our existing client portal into DeskPro
 - Counter fraud – to promote counter fraud services to potential clients, to increase the use of data analytics, and to develop a range of eLearning courses
- 14 Other specific service development / improvement priorities for 2026/27 are set out in each company's Business Plan.
- 15 A copy of the draft VPS business plan (and budget) is attached as **appendix 1**. The draft Veritau Limited business plan (and budget) is attached as **appendix 2**. The business plans are confidential because they contain commercially sensitive information.

Recommendations

- 16 That the shareholder committee:
 - a) notes the performance of each company since the last business update report in October 2025
 - b) approves the draft 2026/27 business plans subject to any final changes that the respective boards of each company may propose

Appendices (Confidential)

Appendix 1 – 2026/27 Veritau Public Sector Limited business plan
Appendix 2 – 2026/27 Veritau Limited business plan

Further Information

Contact: Max Thomas – Chief Executive max.thomas@veritau.co.uk