

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

22 June 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 has a dormant subsidiary company, Veritau Tees Valley 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 It is expected that Veritau Limited’s remaining subsidiary company, Veritau Tees Valley Limited, 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 Financial Statements

- 7 The 2025/26 accounts are currently being audited. The provisional operating results for the two companies (excluding accounting and pension adjustments) are below.

	Veritau Limited £ (k)	VPS Limited £ (k)
Turnover	1,107	3,385
Cost of sales	(1,137)	(3,115)
Gross profit	(30)	270
Other income	79	12
Overheads	(86)	(277)
Net profit/(loss) before tax and dividends	(37)	5

- 8 Approximately £16k of legal costs relating to the business restructure completed in 2024 were included in overheads. As part of the process to wind-up Veritau North Yorkshire Limited, the company paid a final net dividend of £72k to Veritau Limited. There

were no other exceptional items of income or expenditure in the period.

- 9 Fee income to VPS from member councils increased due to the transfer of counter fraud services from Leicester City Council mid-year. External fee income to Veritau Limited from data protection services also increased significantly with the education and charity sectors being particularly strong areas of growth. However, the loss of our contract to provide internal audit services to the Mid-Kent Audit Partnership (due to the contract being re-tendered) and capacity issues within the internal audit service meant that fee income in respect of internal audit services was down. There was also less demand for counter fraud services from councils and housing associations. Total external fee income was therefore marginally down on the previous year and less than budget.
- 10 Salary and overhead costs increased more than budget due to a number of factors, including:
 - the TUPE transfer of counter fraud staff from Leicester City Council
 - the impact of the increase in employers' NI
 - the local government pay award being higher than expected
 - some limited changes to the pay and grading structure for manager/supervisor posts to help support recruitment and retention
 - recruitment of additional staff ahead of anticipated new contracts starting in 2026/27
 - higher than expected increases in some overheads due to ongoing inflationary pressures
- 11 Further accounting adjustments are possible as a result of the audit. The final results will therefore be reported to the next shareholder committee meeting.

Other developments

- 12 We have completed a restructure of our senior leadership team. The Office of the Small Business Commissioner has also awarded us the Bronze Award under the Fair Payment Code.

Client Satisfaction Surveys

- 13 We issued our annual client satisfaction surveys in March. The first was sent to senior managers at all our clients and the second to schools who receive our DPO service. The response rates for each

survey were 14.3% (2025 – 17.6%) and 4.5% (2025 – 3.1%) respectively.

14 The headline results from the first survey were as follows:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	14	9	0	0
Fraud	4	3	1	0
IG	3	7	2	1
Total	21	19	3	1
%	48%	43%	7%	2%

The corresponding results in 2025 were:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	18	12	2	0
Fraud	11	4	0	0
IG	9	10	0	1
Total	38	26	2	1
%	57%	39%	3%	1%

15 The headline results for the schools DPO survey were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	34	11	2	0
%	72%	24%	4%	0%

The corresponding results in 2025 were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	23	6	0	0
%	79%	21%	0%	0%

- 16 Client retention has also remained strong with 98% (2025 - 99%) of clients indicating that they would continue to purchase services from Veritau in 2026/27.

Staff Satisfaction Survey

- 17 We also received the results of our annual staff survey. The response rate was 51% (2025 - 59%). The headline results were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
19	21	14	2	0
34%	37%	25%	4%	0%

The corresponding results in 2025 were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
18	31	4	4	2
30%	53%	7%	7%	3%

Recommendations

- 18 That the shareholder committee:
- a) notes performance since the last business update report in February 2026

Appendices

None

Further Information

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