

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

24 June 2024

Veritau Limited Business Update

Introduction

- 1 Veritau Limited is a local authority 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 one active subsidiary company, Veritau Tees Valley Limited. Together the companies form the Veritau Group.
- 2 The Veritau Group currently has 4 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 over 90 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 provided to organisations in the Yorkshire and Teesside regions although the group has clients across the United Kingdom.
- 3 A separate company, Veritau Public Sector Limited (VPS) was established on 22 May 2024. The company is limited by guarantee and currently has 3 member councils, CYC, NYC and Redcar & Cleveland Borough Council. VPS is a Teckal company and will provide services to its member councils. The company is planning to start trading on 1 August and work is therefore underway to prepare for this.
- 4 Veritau delivers shareholder value to its member councils through:
 - economies of scale resulting in lower unit costs – the costs to each member council would be much higher for an equivalent quality of service if delivered in-house or if the service was fully outsourced
 - increased efficiencies and flexibility – standard working practices ensure there is less duplication of effort
 - improved access to specialist resources (for example data analytics, risk management and counter fraud specialists) which would not otherwise 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 opportunities offered for career progression and development also make it easier to recruit and retain staff compared to smaller in-house teams
- 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 19 March 2024, the Group has continued to promote its internal audit and data protection services to schools and other public sector organisations. New clients gained in the period include Bradford Children and Families Trust, Cherwell District Council, Ad Astra MAT and The Education Trust. We have also been accepted onto the new YPO framework for internal audit and counter fraud services. A number of existing clients have also extended their current contracts.

2023/24 Financial Statements

- 6 The 2023/24 accounts are currently being audited. The provisional operating results for the Group (excluding accounting and pension adjustments and before tax) are:

	2023/24 (budget)	2023/24 (actual)	2022/23 (actual)
	£ (k)	£ (k)	£ (k)
Turnover	3,699	3,829	3,148
Cost of sales	(3,385)	(3,467)	(2,840)
Gross profit	314	362	308
Other income	11	29	9
Overheads	(293)	(345)	(288)
Net profit/(loss) before tax	32	46	29

Further accounting adjustments are possible as a result of the audit. The final results will therefore be reported to the next shareholder committee meeting.

Client Satisfaction Surveys

- 7 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 9.8% and 2.7% respectively.
- 8 The headline results from the first survey were as follows:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	7	8	1	0
Fraud	1	3	0	0
IG	4	6	0	0
Total	12	17	1	0
%	40%	57%	3%	0%

The corresponding results in 2023 were:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	13	5	1	0
Fraud	5	5	0	0
IG	6	5	1	0
Total	24	15	2	0
%	58%	37%	5%	0%

- 9 The headline results for the schools DPO survey were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	16	8	1	0
%	64%	32%	4%	0%

The corresponding results in 2023 were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	38	4	2	0
%	86%	9%	5%	0%

- 10 Client retention also remained strong with 99% (2023 - 98%) of clients indicating that they would continue to purchase services in 2024/25.

Staff Satisfaction Survey

- 11 We also received the results of our annual staff survey. The response rate was 56% (2023 - 54%). The headline results from the survey were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
21	23	7	1	0
41%	44%	13%	2%	0%

The corresponding results in 2023 were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
14	23	8	1	0
31%	50%	17%	2%	0%

Recommendations

- 12 That the shareholder committee:
- a) notes the Group's performance since the last business update report in March 2024

Appendices

None

Further Information

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