

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

28 March 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 over 70 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 region 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

2021/22 Finance and Performance Update

- 4 The Group is on track to exceed its target profit for 2021/22. There are also no significant variances compared to the approved budget at this stage in the year.

- 5 Since the last meeting of the Shareholder Committee on 22 November 2021, the Group has continued to gain contracts to provide internal audit and data protection services to schools and other public sector organisations.
- 6 Recruitment and retention however continues to be an issue with a number of positions remaining vacant, particularly at more senior levels. Support is now being provided by NYCC Resourcing Solutions to help promote these job opportunities. During the period we have recruited 3 trainee internal auditors to our graduate training programme. Another trainee has completed her professional qualifications and progressed to become an internal auditor.
- 7 Staff sickness (for the group) is currently 8.6 days per FTE as at 31 December 2021 (2020/21 – 2.8 days). A number of cases of long-term sickness during the year have caused this higher than average level of absence.
- 8 Meetings have been held with the Harrogate Borough Council internal audit and counter fraud team in preparation for local government reorganisation in North Yorkshire.
- 9 New hybrid working arrangements have been introduced from 14 February. The principal objectives of the new arrangements are to:
 - increase flexibility and choice for employees in when, where and how they work
 - reduce travel to lessen our environmental impact, to be more efficient and reduce costs
 - open up all of the offices for use by any Veritau employee to improve choice and increase opportunities to work alongside colleagues from other teams.
- 10 Continued use of homeworking and the remote delivery of services are essential components of the new arrangements. To support the changes to working practices, a new desk booking system has been implemented.
- 11 A new case management system is also being implemented in the Counter Fraud team. The new system is expected to go live in April 2022.
- 12 A copy of the 2021/22 Group management accounts (for the 9 months to 31/12/21) is attached as **appendix 1**. A copy of the balance sheet for Veritau Limited is also attached as **appendix 2** for information. Details of variances against budget are included in

appendix 3. The management accounts are confidential because they contain commercially sensitive information.

Business Plan

- 13 The business plan sets out the strategic aims of the Veritau group for the next three years to 2025, and the service priorities for 2022/23. The business plan also includes details of the Group budget for 2022/23, as follows:

	2022/23	2021/22
	£ (k)	£ (k)
Turnover	2,990	2,723
Cost of sales	2,694	2,441
Gross profit	296	282
Overheads	254	215
Net profit before tax	45	67

- 14 Capital expenditure of £30k is planned in 2022/23 (2021/22 - £14k). This includes further upgrades to the website client portal, producing additional e-learning courses, and further investment in our core case management systems, data analytics and IT hardware.
- 15 The key business priorities for 2022/23 include the continued expansion of the customer base and a focus on developing the quality and scope of the service offering. Transforming how we operate by using technology to support more agile working will also remain a priority.
- 16 Local government reorganisation in North Yorkshire also represents a significant challenge for a number of our member councils and for the business itself. From April 2023, a new unitary council for North Yorkshire will replace NYCC and the district councils. This will result in the number of member councils reducing from nine to four.
- 17 We will provide support to our member councils through the change process but the scale and complexity of the work required may result in other planned service developments being delayed. The changes are also likely to impact on the business with the likelihood of staff transfers from some of the existing district councils and changes to the structure of the group as a result of Veritau North Yorkshire Limited ceasing to trade.

- 18 In addition to local government reorganisation, the following service priorities have been identified for 2022/23:
- Internal audit – to complete the re-design of the service and launch the new internal audit strategy, to increase data analytics / IT audit capacity, and to promote internal audit services to academy schools
 - Information governance – to consolidate the existing customer base, to continue to promote DPO services to schools and other clients, and to promote the information access service to councils
 - Counter fraud – to promote counter fraud services to councils and housing associations, and launch the new whistleblowing service to academy schools
 - Risk management – to be seen as the provider of first choice for member councils and other clients, and to promote risk management products and services for academy schools
- 19 Other specific service development / improvements priorities for 2022/23 are set out in the business plan.
- 20 A copy of the 2022/23 business plan is attached as **appendix 4**. The detailed Group budget for 2022/23 is also attached as **appendix 5** for information. The business plan is confidential because it contains commercially sensitive information.

Recommendations

- 21 That the shareholder committee:
- notes the Group's performance to date in 2021/22
 - approves the 2022/23 business plan

Appendices (Confidential)

Appendix 1 – 2021/22 (quarter 3) Veritau Group management accounts
Appendix 2 – Veritau Limited balance sheet at 31/12/21
Appendix 3 – variances against budget (quarter 3)
Appendix 4 – 2022/23 Veritau Group business plan
Appendix 5 – 2022/23 Veritau Group profit and loss account

Further Information

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