

CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE

19 June 2023

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. Together the companies form the Veritau Group.
- 2 The wider 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 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 Local government reorganisation in North Yorkshire has resulted in some changes for the business. The number of member councils reduced from 9, and Veritau North Yorkshire Limited ceased trading. In addition, staff who previously provided internal audit and information governance services at Harrogate Borough Council and Craven District Council transferred to Veritau Limited on 31 March 2023.
- 5 Since the last meeting of the Shareholder Committee on 13 March 2023, the Group has gained a number of contracts to provide internal audit and data protection services to schools and other public sector organisations. New clients include Brimhams Active Limited, the leisure company previously owned by Harrogate Borough Council.
- 6 During the period one trainee internal auditor has completed their professional qualifications and progressed to become an internal auditor.

2022/23 Financial Statements

- 7 The 2022/23 accounts are currently being audited. The provisional operating results for the Group (excluding accounting and pension adjustments and before tax) are:

	2022/23 (budget)	2022/23 (actual)	2021/22 (actual)
	£ (k)	£ (k)	£ (k)
Turnover	2,990	3,178	2,870
Cost of sales	(2,694)	(2,881)	(2,512)
Gross profit	<u>296</u>	<u>297</u>	<u>358</u>
Other income	3	10	5
Overheads	(254)	(282)	(241)
Net profit/(loss) before tax	<u>45</u>	<u>25</u>	<u>122</u>

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

- 8 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 10.8% and 7.1% respectively.
- 9 The headline results from the first survey were as follows:

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%

The corresponding results in 2022 were:

Overall rating for the service	Excellent	Good	Satisfactory	Poor
Internal audit	9	9	1	0
Fraud	3	5	0	0
IG	2	7	0	1
Total	14	21	1	1
%	38%	56%	3%	3%

10 The headline results for the schools DPO survey were:

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

The corresponding results in 2022 were:

Overall rating	Excellent	Good	Satisfactory	Poor
Total	40	16	2	0
%	69%	28%	3%	0%

11 Client retention also remained strong with 98% (2022- 99%) of clients indicating that they would continue to purchase services in 2023/24.

Staff Satisfaction Survey

12 We also received the results of our annual staff survey. The response rate was 54% (2022 - 69%). The headline results from the survey were:

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

The corresponding results in 2022 were:

Very satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
16	29	9	0	0
29%	54%	17%	0%	0%

Recommendations

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

Further Information

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