

**Notice of a public meeting of
Shareholder Committee**

To: Councillors Kilbane and Lomas (Chair)
Date: Monday, 19 June 2023
Time: 4.30 pm
Venue: The Snow Room - Ground Floor, West Offices (G035)

AGENDA

1. Declarations of Interest

At this point in the meeting, Members and co-opted members are asked to declare any disclosable pecuniary interest, or other registerable interest, they might have in respect of business on this agenda, if they have not already done so in advance on the Register of Interests. The disclosure must include the nature of the interest.

An interest must also be disclosed in the meeting when it becomes apparent to the member during the meeting.

- (1) *Members must consider their interests, and act according to the following:*

Type of Interest

You must:

*Disclosable
Pecuniary Interests*

Disclose the interest; not participate in the discussion or vote; and leave the meeting unless you have a dispensation.

*Other Registrable
Interests (Directly
Related)*

OR

*Non-Registrable
Interests (Directly
Related)*

Disclose the interest; speak on the item only if the public are also allowed to speak but otherwise not participate in the discussion or vote; and leave the meeting unless you have a dispensation.

*Other Registrable
Interests (Affects)
OR
Non-Registrable
Interests (Affects)*

*Disclose the interest; remain in the meeting, participate, and vote unless the matter affects the financial interest or well-being:
(a) to a greater extent than it affects the financial interests of a majority of inhabitants of the affected ward; and
(b) a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest,
in which case speak on the item only if the public are also allowed to speak, but otherwise do not participate in the discussion or vote, and leave the meeting, unless you have a dispensation.*

- (2) Disclosable pecuniary interests relate to the Member concerned or their spouse/partner.*
- (3) Members in arrears of Council Tax by more than two months must not vote in decisions on, or which might affect, budget calculations, and must disclose at the meeting that this restriction applies to them. A failure to comply with these requirements is a criminal offence under section 106 of the Local Government Finance Act 1992.*

2. Minutes

(Pages 1 - 8)

To approve and sign the minutes of the last meeting of the Committee held on 13 March 2023.

3. Exclusion of Press and Public

To consider excluding the public and press from the meeting during consideration of the following items:

- (i) Agenda Item 5, Make It York - Pay Remuneration
 - Annex 1 – Pay Award Proposal 2022/23 and 2023/24
- (ii) Agenda Item 8, City of York Trading Ltd Update
 - Annex A – CYT Performance Update June 2023

On the grounds that these contain information relating to the financial or business affairs of any particular persons (including the authority holding that information). This information is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to information) (Variation) Order 2006.

4. Public Participation

At this point in the meeting members of the public who have registered to speak can do so. Members of the public may speak on agenda items or on matters within the remit of the committee.

Please note that our registration deadlines are set as 2 working days before the meeting, in order to facilitate the management of public participation at our meetings. The deadline for registering at this meeting is **5:00pm on Thursday, 15 June 2023**.

To register to speak please visit www.york.gov.uk/AttendCouncilMeetings to fill in an online registration form. If you have any questions about the registration form or the meeting, please contact Democratic Services. Contact details can be found at the foot of this agenda

Webcasting of Public Meetings

Please note that, subject to available resources, this meeting will be webcast including any registered public speakers who have given their permission. The meeting can be viewed live and on demand at <http://www.york.gov.uk/webcasts>.

During coronavirus, we made some changes to how we ran council meetings, including facilitating remote participation by public speakers. See our updates (<http://www.york.gov.uk/COVIDDemocracy>) for more information on meetings and decisions.

- 5. Make It York - Pay Remuneration** (Pages 9 - 14)
Under its Articles of Association, Make It York Limited (“MIY”) must report and seek permission from the Shareholder Committee on pay increases to senior staff. This report seeks Shareholder Committee approval, following discussion and approval at the MIY board.
- 6. Yorwaste Ltd Finance Update** (Pages 15 - 20)
The report provides a trading update for the 2022/23 financial year as well preliminary indications of trading for the financial year 2023/24.
- 7. Veritau Limited Business Update** (Pages 21 - 26)
The report provides an update on Veritau Group’s finance and performance to date.
- 8. City of York Trading Ltd Update** (Pages 27 - 38)
The report provides an update on City of York Trading Ltd’s performance.
- 9. Work Plan** (Pages 39 - 40)
To consider the Committee’s draft work plan for the 2023/24 municipal year.
- 10. Urgent Business**
Any other business which the Chair considers urgent under the Local Government Act 1972.

Democracy Officer:

Name: Louise Cook

Contact details:

- Telephone – (01904) 551031
- Email - louise.cook@york.gov.uk

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:

- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports and
- For receiving reports in other formats

Contact details are set out above.

This information can be provided in your own language.

我們也用您們的語言提供這個信息 (Cantonese)

এই তথ্য আপনার নিজের ভাষায় দেয়া যেতে পারে। (Bengali)

Ta informacja może być dostarczona w twoim własnym języku. (Polish)

Bu bilgiyi kendi dilinizde almanız mümkündür. (Turkish)

یہ معلومات آپ کی اپنی زبان (بولی) میں بھی مہیا کی جاسکتی ہیں۔ (Urdu)

 (01904) 551550

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City of York Council

Committee Minutes

Meeting	Shareholder Committee
Date	13 March 2023
Present	Councillors Widdowson (Chair) and D'Agorne
In Attendance	Patrick Looker, Finance Manager Dan Moynihan, Senior Solicitor, Contract and Commercial Sandy Boyle, Managing Director (Yorwaste) Max Thomas, Chief Executive (Veritau Limited) Sarah Loftus, Managing Director (Make It York) Karen Bull, Managing Director (City of York Trading) Cllr Cuthbertson (Non-executive director, City of York Trading)
In Attendance Remotely	Helen Whiting, Head of HR

19. Declarations of Interest (4:31 pm)

Members were invited to declare at this point in the meeting any disclosable pecuniary interests or other registerable interests they might have in respect of business on the agenda, if they had not already done so in advance on the Register of Interests.

None were declared.

20. Minutes (4:31 pm)

Resolved: That the minutes of the last meeting held on 31 October 2022 be approved and then signed by the Chair as a correct record.

21. Exclusion of Press and Public (4:31 pm)

Resolved: That the press and public be excluded from the meeting during any discussion arising on the following documents, on the grounds that these contain information relating to the financial or

business affairs of any particular persons (including the authority holding that information). This information is classed as exempt under Paragraph 3 of Schedule 12A to Section 100A of the Local Government Act 1972, as amended by the Local Government (Access to information) (Variation) Order 2006.

- (i) Agenda Item 5, Yorwaste Ltd Finance Update
 - Annex 2 – Yorwaste Business Plan Addendum
- (ii) Agenda Item 6, Veritau Limited Business Update
 - Appendix 1 – 2022/23 Veritau Group management accounts (period to 31 January 2023)
 - Appendix 2 – Veritau Limited balance sheet as at 31 January 2023
 - Appendix 3 – 2023/24 Veritau Group business plan
 - Appendix 4 – 2023/24 Veritau Group budget
- (iii) Agenda Item 7, Make It York Update
 - Annex 7 – Draft budget 2023-24
 - Annex 8 – Summary profit & loss sheet as at 31 Dec 22
- (iv) Agenda Item 8, City of York Trading
 - Annex A – CYT Performance Update March 2023

22. Public Participation (4:31 pm)

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

23. Yorwaste Ltd Finance Update (4:32 pm)

Members considered a report from Yorwaste that provided a trading update for the 2022/23 financial year, as well as the Business Plan for 2023/24.

The Managing Director of Yorwaste provided a general overview, where it was noted that:

- A Five Star Health & Safety Audit rating had been achieved, which complimented the Company's recent Investors in People accreditation and demonstrated

Yorwaste's commitment to the health, safety and wellbeing of its employees.

- The Company's cash position was strong, and a full year profit, in line with budget target, was expected to be delivered.
- The fire in the recycling facility of the Harewood Whin site was potentially caused by a lithium battery and was largely contained to the picking line extension. The Company had contingencies in place, and service continuity was maintained.
- An information governance audit had been undertaken by Veritau. Whilst the Company was broadly compliant, the audit identified a number of areas where current informal processes could be improved, and the improvements would be implemented over the coming months.
- Yorwaste had continued to attract a zero Compliance Assessment Report Score (CARS) from the Environment Agency.

Members noted the following strategic priorities to support the 2023/24 Business Plan:

- Continued focus on health & safety.
- Ongoing optimisation of the current business both in terms of operating costs and commercial customer base.
- Development of a business case for solar on closed landfill sites to help deliver the shareholders Net Zero vision.
- Supporting shareholder needs under the Governments Resource and Waste Strategy policy.

In answer to questions raised regarding the fire, the importance to separate batteries from household waste was discussed and additional communications and monitoring, to ensure more robust fire safety within this area, was welcomed.

The continued progress to install solar panels on closed landfill sites was appreciated, and Members recognised the successes achieved. They commended the Managing Director and his team for their hard work and commitment.

Resolved: That the report and annexes be noted.

Reason: To ensure that the council was updated on the financial performance of Yorwaste Ltd.

24. Veritau Limited Business Update (4:44 pm)

Members considered a report that provided an update on Veritau's finance and performance to date.

The Chief Executive of Veritau provided an overview and confirmed that:

- New contracts to provide internal audit and data protection services to schools and other public sector organisations had continued to be achieved.
- Staff were supported to gain professional qualifications and relevant experience, to progress within the business.
- Transfer of Undertakings (Protection of Employment regulations) (TUPE) consultation meetings were underway with the six employees who were transferring from Harrogate Borough Council and Craven District Council to Veritau Limited, and with those employees who were transferring from Veritau North Yorkshire Limited (VNY) to Veritau Limited.
- As a result of local government reorganisation in North Yorkshire, the shares held by the five district and borough councils would transfer to the new North Yorkshire Council (NYC) on 1 April 2023. Veritau Limited was proposing to purchase some shares from NYC shortly after the date of transfer, meaning that VNY would then become a wholly owned subsidiary of Veritau Limited. The purchase of these shares was however a reserved matter in Veritau Limited's Shareholder agreement and required the unanimous agreement of both NYC and City of York Council.

Members recognised that purchasing the shares from NYC had a number of advantages, and the Group's commitment to ensuring the business was delivering in an environmentally sustainable manner was commended by Members.

The Chief Executive and his staff were thanked for delivering shareholder value and their continued hard work was also commended.

Resolved:

- (i) That the Group's performance since the last business update report in October 2022, be noted.

- (ii) That the 2023/24 Business Plan, be approved.
- (iii) That a copy of the 2024/25 Business Plan be provided to Committee Members.
- (iv) That the purchase by Veritau Limited of the shares in VNY, currently owned by the North Yorkshire district and borough councils, which were transferring to NYC on 1 April 2023, be approved.

Reason: To ensure the Council was updated on the performance of Veritau Limited.

25. Make It York Update (4:53 pm)

Members considered a report from Make It York (MIY) that highlighted the Company's financial performance since the last report in October 2022. Included in the report was an update of financial and non-financial performance for the trading period April to December 2022, with a financial forecast for the end of the financial year. The report also included the Business Plan and budget for 2023/24, including a new dashboard to report ongoing performance and trends.

The Managing Director provided an overview. She highlighted the financial stability of the organisation, and the key successes were discussed. Members noted that there had been significant improvements made to the governance, financial management, event management and reporting procedures.

Members were informed that MIY were expecting to return a profit of approximately £80k, and that MIY and York Civic Trust had made a successful bid to the National Lottery Heritage Fund for York Trailblazers.

Members congratulated the Managing Director and her team for the improvements and achievements made, and they commended all their hard work and commitment to restore financial stability. They welcomed the future plans and the continued partnership working with the business economy, York Bid, and particularly the Shambles Traders to support and develop a shared vision for the Shambles Market.

The Managing Director was thanked for her update, and the continued engagement with York residents and visitors to promote the city was welcomed.

Resolved:

- (i) That the Make It York Shareholder report at Annex 1 of the report, and the supporting documents, from Annex 2 to Annex 8 of the report, be noted.
- (ii) That the annual Business Plan (service delivery plan), at Annex 4 of the report, and the 2023/24 budget, at Annex 7 of the report, be approved.
- (iii) That the new dashboards be noted, at Annex 5 and Annex 6 of the report.

Reason: To ensure the council was updated on the financial performance of Make It York and approve the business plan and budget for 2023/24.

26. City of York Trading Ltd Update(5:04 pm)

Members considered a report that provided a City of York Trading Ltd (CYT) performance update.

The Managing Director provided an overview, noting that:

- City of York Council (CYC) bookings for new agency staff had reduced over the last six months, in line with the council's efforts to reduce agency spend and tighten authorisation, as a result overall revenue had fallen against budget.
- WorkwithSchools (WwS) had maintained a high number of clients.
- The Company's newest brand WorkwithYorkshire had a stop-start year but the newly appointed Business Development Manager had already begun to grow the business.
- The Company's website was being refreshed with a clearer design and cleaner navigation, and online application forms were also being rolled out.
- The Company continued to investigate potential acquisition opportunities, particularly to strengthen the WorkwithYorkshire and/or WorkwithSchools offerings.
- Their current contract with CYC ended on 31 August 2023. Ahead of renewal, a draft contract had been sent to the council for consideration.

- The final budget for 2023/24 had not been put before the Board of Directors, though discussions had taken place regarding the matters to take into consideration in setting the budget, and this approval would take place at the next Board meeting on 24 March 2023.

Cllr Cuthbertson complimented the Managing Director and her team for managing the Company over a difficult three years and Members also recognised the successes achieved and commended the team for their hard work and commitment.

Resolved: That the performance update from City of York Trading Ltd, attached at Annex A to the report, be noted.

Reason: To ensure the council was updated on the performance of City of York Trading Ltd.

Cllr Widdowson, Chair

[The meeting started at 4.31 pm and finished at 5.13 pm].

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Shareholder Committee

19 June 2023

Report of the Strategic Services Manager (Customer and Communities)

Make It York – Pay Remuneration**Purpose of Report**

1. Under its Articles of Association, Make It York Limited (“MIY”) must report and seek permission from the Shareholder Committee on pay increases to senior staff.
2. This report seeks Shareholder Committee approval, following discussion and approval at the MIY board.

Recommendations

3. It is recommended that the Shareholder Committee approve the MIY Board document titled ‘*Pay award proposal for 2022/23 and 2023/24*’ at **Annex 1 (Confidential)** of this report.

The MIY board approved this on 25 April 2023, however under the Articles of Association the Shareholder Committee must also give approval for senior staff paid in excess of £50,000 per annum or increasing the remuneration of any such person in excess of £2,000 per annum.

Reason: to ensure the Council is fulfilling its contractual role in relation to Schedule 2 of the Articles of Association.

Background

4. In May 2022, the Council’s Executive agreed to enter into a new 3-year contract with MIY, and agreed that MIY would report to the Shareholder Committee every 6-months. This report is in addition to the normal sequence of reporting to deal with the pay remuneration authorisation required.
5. The MIY Articles of Association set out the terms for staff remuneration. Articles 11, 27 and 29 and Schedule 2 of the Company’s Articles Association state the following:

- a. **Article 27** – Subject to Articles 11, 29 and Schedule 2 below, the Board of Directors are empowered to determine what remuneration shall be paid to the Directors for their services to the Company as Directors and for any other service which they undertake for the Company. A Director's remuneration may:
- i. take any form; and
 - ii. include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- b. **Article 11** – The City of York Council (CYC), as the sole shareholder may, by a (written) shareholder's resolution, direct the Board of Directors to take, or refrain from taking, specific action, and the Directors shall be bound by any such direction.
- c. **Article 29 and Schedule 2** - The Company (MIY) cannot carry out or decide upon any of the matters listed in Schedule 2 of the Articles of Association, without the prior written consent of CYC (as the sole shareholder). The matters reserved for CYC in Schedule 2 include:
- i. The establishment or amendment of any profit-sharing, option, bonus or other incentive scheme of any nature for Directors, the Managing Director, or Senior Management Team of the Company or the establishment or amendment of such a scheme for other employees other than one which is self-financing or dependent on the annual budget being achieved.
 - ii. Agreeing to remunerate (by payment of fees, the provision of benefits-in-kind or otherwise) any officer of the Company at a rate in excess of £50,000 per annum or increasing the remuneration of any such person by a rate in excess of £2,000 per annum.

- iii. Determining and approving all matters relating to terms and conditions of the service contract for the Managing Director, agree including any remuneration or variation to the remuneration of the Managing Director.
 - iv. Determining and approving any matters relating to terms and conditions of service contracts for the Senior Management Team, including remuneration.
 - v. Approving any early retirements or ill-health retirements.
 - vi. Agreeing any remuneration of any Directors of the Company.
6. This report seeks permission from the Shareholder Committee in relation to the Managing Director and senior staff only pay remuneration proposal. For the avoidance of doubt there is no proposal relating to company directors.

Financial

7. The MIY board on 25 April 2023 have approved a pay deal for staff, subject to Shareholder Committee approval which can be seen in **Annex 1 (Confidential)**.
8. The pay award proposal is to make a 5% back dated pay award for 2022/2023 and a 5% pay award for 2023/2024 for all employees including the Managing Director and senior staff who are paid at a rate more than £50,000 per annum.
9. There are two key points that the MIY board have raised in support of this pay award:
- a. Inflation (up to March 2023) has been 10.7% and no pay award has been made since 2019, except a one off £1,000 cost of living payment during 2022/23; and
 - b. Difficulty in recruiting to roles. For example, four MIY team members have left recently for salaries significantly higher than MIY are able to match or come close to.

10. In terms of affordability, the Council’s contract manager and finance manager receive regular financial updates and understand from MIY financial performance reports in 2022/23 the pay award is affordable at the proposed level.
11. The MIY budget forecast for 2023/24 has been set by the MIY board and the proposed pay award is affordable and allocated in the budget.

Risk Management

12. There are risks associated with all budget forecasting, but due diligence has shown MIY have considered the rising costs (including utilities and other services), whilst been realistic with income projections when comparing actual income levels from previous years.

Implications

13. HR Implications - Subject to the approval of the pay award, the relevant staff will be informed and back pay will be applied accordingly.
14. Financial - Financial implications are set out in the confidential Annex 1 report
15. There are no additional Legal, equalities, crime and disorder, information technology, property or other implications arising from this report, that are not covered within the main body of the report.

Author:	Chief Officer responsible for the report:			
Andrew Laslett Strategic Services Manager (Customer and Communities) andrew.laslett@york.gov.uk	Pauline Stuchfield Director of Customer and Communities			
	Report Approved	✓	Date	09.06.23.
Wards Affected: All				
For further information please contact the author of the report				

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Shareholder Committee

19 June 2023

Report of the Chief Finance Officer

Yorwaste Ltd Finance Update

Purpose of Report

1. To consider reports from Yorwaste providing a trading update for the 2022/23 financial year as well preliminary indications of trading for the financial year 2023/24.

Recommendations

2. Note the reports from Yorwaste Ltd attached at annex 1 to this report.

Reason: To ensure the Council is updated on the financial performance of Yorwaste Ltd

Background and analysis

3. Yorwaste was established as a Local Authority Waste Disposal Company owned fully by North Yorkshire County Council in 1991 to manage the council's landfill sites. In 1996 as part of Local Government Review City of York Council became a 22.27% shareholder of the company. The company provides services to York relating to Transfer Stations, processing recyclates, garden waste and management and transport of waste at the two Household Waste Sites. They also provide similar services within North Yorkshire County Council and from 2023/24 the North Yorkshire Council.
4. The Yorwaste board is made up of council representatives of the two authorities and also independent board members. The representatives from City of York Council are currently Cllr R. Melly (newly appointed from May 2023) and the Corporate Director of Place, Neil Ferris. The company is a Teckal company whereby over 80% of its revenues come from its local authority owners.

- The latest trading update for the company is shown at Annex 1. This report also highlights key issues around the Business Plan for 2023/24 as well as challenges facing the company over the coming years

Risk Management

- There are no specific risk issues arising from this report.

Implications

- There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:		
Patrick Looker Head of Service Finance Email patrick.looker@york.gov.uk	Debbie Mitchell Chief Finance Officer		
	Report Approved	√	Date 7 June 2023
Wards Affected: All			
For further information please contact the author of the report			

Annex 1 – Yorwaste Headline Performance Review.

YORWASTE

1. How Yorwaste delivers shareholder value.

As a Teckal company, Yorwaste delivers shareholder value in a number of ways:

Directly through either a reduction in the cost-of-service provision to the shareholding authority or in the generation of profits which accrue to the shareholding authority. This value is enhanced by the operation of commercial activities which can offset operating costs to the authority or enhance the generation of profits.

Indirectly through the shareholders' investment in Allerton Waste Recovery Park (AWRP) by maximising their potential financial return from volume related contractual terms.

Intangibly in that, because of its shareholding ownership, additional ad-hoc services and assistance to the shareholding authority are provided at either cost or zero charge.

The challenge for Yorwaste is to balance the above factors to deliver a cost effective, tax efficient, value for money solution for the local taxpayer.

2. Out-turn for Fiscal Year 2022/23.

Risk & Compliance

Whilst the British Safety Council Five Star Health & Safety Audit award demonstrates the Company's commitment to providing a safe environment for its employees and other stakeholders, there were unfortunately 4 RIDDORs in the year. Whilst all 4 events arose because of employees either not taking notice of their environment and/or through not following Company procedures it does highlight that there is still work to be done and this will form part of the Company's focus over the next fiscal year.

The Company had Health & Safety Executive site inspections as part of the agency's focus on the waste industry. None of those inspections resulted in any concerns being raised and overall, the feedback from the inspectors was positive.

The Company had zero Compliance Assessment Report scores (CARs) arising from the Environment Agency audits. The last time the Company received any CARs points was March 2020.

The Company also continued its “Green” operator (low risk classification) under the DVSA’s Operator Compliance Risk Score assessments.

Financial Performance

Whilst the Annual Report has not been finalised nor approved by the Board the Company expects to report performance which was above its target profit for the year albeit that this was below the prior year. This is because the Company absorbed many of the past years inflationary pressures rather than pass them onto its NYC and CYC Clients.

Whilst operating costs inflation was significant, the Company benefited from higher landfill revenues and contribution from third party recycle processing. Landfill revenues benefited from Company initiatives to slow the decline in gas volumes combined with above trend prices in electricity generation.

The Company experienced a fire in its Harewood Materials Recycling Facility in January, most likely the result of a lithium battery which ended up in the hard plastics bay. The fire was largely restricted to the picking line and damage to the wider building was limited thanks to the fire suppression system. Within 2 weeks a temporary facility was in operation at Thirsk which allowed CYC to continue to benefit from recycling rebates, in under 10 weeks the main Harewood facility was up and running with improved quality rates. Throughout the whole period there was no interruption to service provision for CYC.

The Company generated robust cash flow in the year and accelerated the pay-down of the shareholder loans. This is a benefit in cash to the shareholder and reduces the Company’s gearing and its future interest costs at a time of rising interest rates.

The Company delivered the required target tonnage to maximise the Authority’s investment at AWRP. This was despite the Authorities’ own tonnages being down 5% year-on-year.

The Annual Accounts for the year ended 31 March 2023 are due to be finalised later this month and a copy will be provided as an appendix to the report at the next Shareholder meeting.

Governance & Best Practice

Over the course of the last financial year the Company was accredited under both Investors In People and the Good Business Charter. It also achieved Cyber Essential Plus accreditation for its Information Systems security infrastructure.

4. Current Trading

Risk & Compliance

The Company is in the process of implementing the recommendations which accompanied its award from the British Safety Council Five Star Health & Safety Audit.

Financial Performance

The Company's Budget target for the current fiscal year was only marginally profitable as a real-terms reduction in charges to the client have further trimmed profit headroom.

That said with 2 months results the Company has got off to a good start for the year, and whilst there are many months to go, on balance the Company sees more upsides than downsides at this point in the cycle.

Governance & Best Practice

The Company has recently had its first annual follow up after its award of the Investors In People (IIP) last year. The feedback from that review was very positive and we continue to implement the IIP recommendations.

The Company is in the process of renewing its ISO accreditations and implementing the recommendations from both the 5-star audit and IIP reports.

The Company has arranged Directors Responsibility training for its two most recent director appointments as part of best practice governance guidelines.

Environment & Climate Change

The Company is supporting the planning process for the large-scale solar farm at Harewood closed landfill with a decision expected late this year or early next.

The Company is also exploring small and mid-scale solar with an aim to meet its own annual electrical consumption from renewables by 2030.

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

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

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Shareholder Committee**19 June 2023**

Report of the Head of HR and OD

City of York Trading Ltd Update**Purpose of Report**

1. To consider the City of York Trading Ltd Performance Update June 2023 provided as confidential **Annex A**. The performance update is private due to the commercial sensitivities.
2. Under the terms of the CYT Shareholder Agreement to recommend to the Board of Directors of City of York Trading Ltd which Council Non-Executive Director should be appointed as Chair of the Board of Directors of the Company

Recommendations

3. Note the confidential Performance Update from City of York's Trading Ltd attached at **Annex A** to this report.

Reason: To ensure the Council is updated on the performance of City of York Trading Ltd.

Background and analysis

4. City of York Trading Ltd (trading as WorkwithYork, WorkwithSchools and WorkwithYorkshire "the Company") was formed in 2011 with the intention of supplying temporary staff to the Council, to local schools and permanent and temporary staff to other outside organisations.
5. Through the Company, the Council makes a cost saving compared to the cost of agency staff on the open market, and is also able to secure staff to cover hard-to-fill roles where permanent recruitment is challenging.
6. In addition, the payment of an annual dividend from the Company's overall profits is designed to assist the Council's financial position.

Key Company Matters 2023/24:-

6. The Company's new Board of Directors comprises Karen Bull (Managing Director) with Non-Executive Directors Cllr Kallum Taylor, Cllr Ian Cuthbertson, Cllr Jason Rose, Oliver Wright and Ann Vickers, and usually meets monthly to consider monthly financial and performance reports and discuss strategy going forward.
7. The Company's budget for 2023/4 was agreed by the Company's Board of Directors on 24 March 2023, and a summary of this are set out in the City of York Trading Ltd Performance Update June 2023 provided as confidential **Annex A**.
8. The Company's current contract with the Council runs until 31 August 2023, Council Executive is to consider a paper setting out options for renewal on 15 June.
9. Key Performance Indicators are monitored on weekly and monthly basis.
10. Marketing activities continue, including utilisation of the Company's websites and social media channels.

Risk Management

11. There are no specific risk issues arising from this report.

Implications

12. There are no financial, legal, HR, equalities, crime and disorder, information technology, property or other implications arising from this report.

Author:	Chief Officer responsible for the report:		
Karen Bull, MD CYT Ltd	Debbie Mitchell Chief Finance Officer		
Helen Whiting Head of HR and OD helen.whiting@york.gov.uk	Report Approved	Y	Date 7 June 2023
Wards Affected:			All
For further information please contact the author of the report			

Annex A– CYT Performance Update June 2023 **CONFIDENTIAL**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

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Shareholder Committee Draft Work Plan 2023/24

Training/briefing events will be held at appropriate points in the year to support members in their role on the Committee.

Item	Lead officers	Contributing Organisations	Scope
19 June 2023			
Make It York – Pay awards	Andrew Laslett	Make It York	Under the Articles of Association MIY must report and seek permission from the Shareholder Committee on pay increases to senior staff
Veritau Limited business update	Bryn Roberts	Veritau	To receive an update on performance of the company
Yorwaste Ltd finance update	Patrick Looker	Yorwaste	To receive annual reports and annual accounts
City of York Trading Ltd update	Helen Whiting	CYT Ltd	To receive an update on performance of the company
23 October 2023			
Yorwaste Ltd Update	Patrick Looker	Yorwaste	To receive an update on performance of the company

Make it York Finance Update	Andrew Laslett	Make it York	To receive an update on performance of the company and annual accounts
City of York Trading Ltd Update	Helen Whiting	CYT Ltd	To receive an update on performance of the company
YPO finance update	Debbie Mitchell	YPO	To receive an update on performance of the company and the annual accounts
Veritau Limited Business Update	Bryn Roberts	Veritau	To receive an update on performance of the company
13 March 2024			
Yorwaste Ltd Finance Update	Patrick Looker	Yorwaste	To receive an update on performance of the company
Veritau Limited Finance and Business Plan	Bryn Roberts	Veritau	To receive annual reports and annual accounts from companies.
City of York Trading Ltd Business Plan	Helen Whiting	CYT Ltd	To receive annual reports and annual accounts
Make it York Business Plan	Andrew Laslett	Make it York	Approval of the annual business plan (in light of agreed SLA priorities)