

## **CITY OF YORK COUNCIL SHAREHOLDER COMMITTEE**

**12 October 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 currently 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 The process to strike-off Veritau Limited's remaining subsidiary company, Veritau Tees Valley Limited, has now commenced.

### **Finance and Performance Update**

- 6 Since the last meeting of the Shareholder Committee on 22 June 2026, we have held discussions with a number of councils who have expressed an interest in joining VPS. We expect to receive formal applications to join from these council shortly.
- 7 Veritau Limited has continued to promote its services to schools and other public sector organisations. A number of schools have signed up for data protection officer services in the period. Bids have also been submitted to provide internal audit services to a number of academy trusts and other potential clients. A number of existing clients have also extended their current contracts.

### 2025/26 Financial Statements / Annual Report

- 8 The 2025/26 accounts of Veritau Limited, VPS Limited and Veritau Tees Valley Limited have been audited. The auditors, BHP LLP are expected to provide unmodified opinions for all three companies.
- 9 A copy of the annual report for 2025/26 is attached as **appendix 1**. The report summarises the operating results of the 3 companies and provides details of staffing, client satisfaction and retention, business development and other service achievements during the year. The annual report has been published on the Veritau website.

### 2026/27 Management accounts

- 10 The management accounts for the 4 months to 31 July 2026 show that Veritau Limited and VPS Limited are both on target to achieve their budgeted profit, as follows:

**Veritau Limited**

|                              | <b>2026/27<br/>YTD actual<br/>£ (k)</b> | <b>2026/27<br/>Forecast<br/>£ (k)</b> |
|------------------------------|-----------------------------------------|---------------------------------------|
| Turnover                     | 366                                     | 1,194                                 |
| Cost of sales                | (311)                                   | (985)                                 |
| Gross profit                 | 55                                      | 209                                   |
| Other income                 | 1                                       | 4                                     |
| Overheads                    | (33)                                    | (103)                                 |
| Net profit/(loss) before tax | 23                                      | 110                                   |

**Veritau Public Sector  
Limited**

|                              | <b>2026/27<br/>YTD actual<br/>£ (k)</b> | <b>2026/27<br/>Forecast<br/>£ (k)</b> |
|------------------------------|-----------------------------------------|---------------------------------------|
| Turnover                     | 1,315                                   | 3,923                                 |
| Cost of sales                | (1,214)                                 | (3,593)                               |
| Gross profit                 | 101                                     | 330                                   |
| Other income                 | 3                                       | 11                                    |
| Overheads                    | (97)                                    | (281)                                 |
| Net profit/(loss) before tax | 7                                       | 60                                    |

- 11 There have been no exceptional items to date.

**Request to amend the Veritau Limited shareholder agreement**

- 12 The shareholder agreement has not been reviewed or updated since Veritau Limited was first established in 2009. The shareholder agreement is intended to govern the operation of the company with certain key decisions reserved to the shareholders. These decisions include issuing new shares or restructuring the business, and they require the unanimous consent of the shareholders. The list of reserved matters contained in the shareholder agreement is attached as **appendix 2**. One of the key decisions relates to approving, amending or terminating agreements over £100k. This requirement creates problems because of the limited time allowed by contracting authorities when we are bidding for work. Contracting authorities typically allow only 3 - 4 weeks once the

tender documents are published. Arranging special board meetings and obtaining approval in such circumstances is therefore difficult.

- 13 The existing threshold reflected the nature of the business when Veritau was first created as a shared service providing services mostly to its two partner councils. However, as written, it restricts the ability of the company to operate on a commercial basis. The Veritau Limited board has discussed the issue and agreed to seek approval from both shareholders to increase the limit for key financial decisions to £300k. In this regard, the Shareholder Committee's role is limited to considering the proposal and making a recommendation to Executive, with the formal decision on amending the Shareholder Agreement being reserved to Executive under paragraph 5.1 of Article 12 of the Council's Constitution.

### **Recommendations**

- 14 That the shareholder committee:
- a) notes the Veritau annual report for 2025/26
  - b) notes performance since the last business update report in June 2026
  - c) recommends to the Executive the proposed amendment to the Veritau Limited shareholder agreement as set out in paragraph 13 above.

### **Appendices**

Appendix 1 – 2025/26 Veritau annual report

Appendix 2 – details of the reserved matters requiring the unanimous consent of the Veritau Limited shareholders

### **Further Information**

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