



MEETING OF THE CCTV PARTNERSHIP JOINT EXECUTIVE

to be held in the

**EAST HERTS DISTRICT COUNCIL, ROOM 27,
WALLFIELD, HERTFORD**

On

WEDNESDAY, 5TH JUNE, 2019 AT 7.00 PM

**Agenda
Part I**

Item

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- 1. AGENDA AND REPORTS**
This meeting was held and clerked at East Hertfordshire District Council.

The Agenda and reports are attached.

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*Alison Stuart
Head of Legal and Democratic
Support Services*

MEETING : JOINT CCTV EXECUTIVE
VENUE : ROOM 27, WALLFIELDS, HERTFORD
DATE : WEDNESDAY 5 JUNE 2019
TIME : 7.00 PM

MEMBERS OF THE CCTV JOINT EXECUTIVE

East Herts Council

Councillors P Boylan, A Curtis and G Williamson

Hertsmere Council

Councillors P Choudhury, J Newmark and A Spencer

North Herts Council

Councillors I Albert, P Clark and M Stears-Handscomb

Stevenage Council

Councillors R Henry, J Hollywell and Mrs J Lloyd

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DISCLOSABLE PECUNIARY INTERESTS

1. A Member, present at a meeting of the Authority, or any committee, sub-committee, joint committee or joint sub-committee of the Authority, with a Disclosable Pecuniary Interest (DPI) in any matter to be considered or being considered at a meeting:
 - must not participate in any discussion of the matter at the meeting;
 - must not participate in any vote taken on the matter at the meeting;
 - must disclose the interest to the meeting, whether registered or not, subject to the provisions of section 32 of the Localism Act 2011;
 - if the interest is not registered and is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days;
 - must leave the room while any discussion or voting takes place.
2. A DPI is an interest of a Member or their partner (which means spouse or civil partner, a person with whom they are living as husband or wife, or a person with whom they are living as if they were civil partners) within the descriptions as defined in the Localism Act 2011.
3. The Authority may grant a Member dispensation, but only in limited circumstances, to enable him/her to participate and vote on a matter in which they have a DPI.
4. It is a criminal offence to:

- fail to disclose a disclosable pecuniary interest at a meeting if it is not on the register;
- fail to notify the Monitoring Officer, within 28 days, of a DPI that is not on the register that a Member disclosed to a meeting;
- participate in any discussion or vote on a matter in which a Member has a DPI;
- knowingly or recklessly provide information that is false or misleading in notifying the Monitoring Officer of a DPI or in disclosing such interest to a meeting.

(Note: The criminal penalties available to a court are to impose a fine not exceeding level 5 on the standard scale and disqualification from being a councillor for up to 5 years.)

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AGENDA

1. Appointment of Chairman

To appoint a Chairman for the meeting.

2. Apologies

To receive apologies for absence.

3. Chairman's Announcements

4. Declarations of Interest

To receive any Members' declarations of interest.

5. Minutes - 22 January 2019 (Pages 7 - 14)

To approve as a correct record the Minutes of the meeting held on 22 January 2019.

6. Update on and Decisions Arising from the SIAS Governance Report
(Pages 15 - 78)

7. CCTV Governance Report (Pages 79 - 90)

8. CCTV Operations Report (Pages 91 - 104)

9. Date of next meeting

To agree a date and venue for the next meeting.

10. Urgent Business

To consider such other business as, in the opinion of the Chairman of the meeting, is of sufficient urgency to warrant consideration and is not likely to involve the disclosure of exempt information.

HERTSMERE BOROUGH COUNCIL
CCTV PARTNERSHIP JOINT EXECUTIVE

**Minutes of the meeting held in the Council Chamber, Civic Offices,
Elstree Way, Borehamwood**

22 January 2019

Present:

Voting Members:

Councillors Choudhury and Wayne	Hertsmere Borough Council
Councillor Needham	N Hertfordshire District Council
Councillors Andrews, McAndrew and Stevenson	E Hertfordshire District Council
Councillor Henry	Stevenage Borough Council

Officers:

V Kane	Community Safety Manager	Hertsmere Borough Council
J Smith	Principal Democratic Services Officer	Hertsmere borough Council
J Geall	Head of Housing and Health	E Hertfordshire District Council
R Gregory	Assistant Director Communities & Neighbourhoods	Stevenage Borough Council
M Read	CCTV Operations Manager	Stevenage Borough Council

1. **ELECTION OF CHAIR**

Councillor Choudhury was nominated, duly seconded and appointed as Chair of the meeting.

(Councillor Choudhury in the Chair)

2. **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillor Wayne (Hertsmere Borough Council), Councillor Cunningham (North Hertfordshire District Council), Councillor Lloyd (Stevenage Borough Council) and Williamson (East Hertfordshire District Council) who was replaced this evening by Councillor Andrews.

3. **DECLARATIONS OF INTEREST**

There were no declarations of interest.

4. **MINUTES OF THE PREVIOUS MEETING**

The minutes of the last meeting of the CCTV Partnership Joint Committee held on 4 October 2018 were circulated at the meeting and were approved as a correct record.

Matters Arising from the Minutes

Copies of the responses to questions raised at the previous meeting under this regular item were tabled at the meeting (points 1 to 11 of Minute 6 refer). See Appendix to these Minutes for the full responses.

During discussion the following points were highlighted:

- Point 5 (activations) - The CCTV Operations Manager (SBC) clarified that an activation was generated on an alarm system to which cameras were attached. These took about 10 seconds and were sparked by small movements in the majority of cases, such as rats etc, and took about 20 minutes to close.
- Points 6 and 10 (decreasing number of incidents/non-attendance by Police Officers) – Responding to concerns about the working relationship between the CCTV system and the Police, Members were assured that there was a very healthy relationship with the Police throughout Hertfordshire. The Operations Manager acknowledged, however, that non-attendance by Police Officers had resulted in the suite not being fully utilised. He confirmed that operation of the downloading suite did need to be undertaken by the Police although, with the Committee’s support, he could look into the possibility of the Partnership downloading footage if the Police were unavailable. He suggested that the recent deployment of an officer to the downloading suite was not regarded by the Chief Constable at Stevenage as a full time position and that further discussions should be held with a view to procuring further support. Members and Officers expressed disappointment that the system was not given greater value.
- Point 8 (installation/utilisation of new technology in the control centre)
 - The Committee found the response provided to be unsatisfactory.

5. **OPERATIONS REPORT**

The CCTV Operations Manager presented the quarterly management report which provided details of progress with the operational effectiveness of the Hertfordshire CCTV Partnership control room and cameras.

Responding to questions, the Operations Manager advised that the move of the control room was planned for June or July 2019.

Further to the information provided in report Appendix A regarding the lighting columns, the Operations Manager advised that the managing company, Ringway, had ordered the removal of all control room cameras in July 2018. He said that the cameras had been taken down, following which immediate discussions had been held, resulting in a resolution of the issues. In response to Members' questions, he confirmed that the columns belonged to the County Council and that Three Rivers District Council had written to HCC regarding similar frustrations.

RESOLVED that the CCTV Quarterly Management Report and its appendices be noted.

6. **UPDATE FROM OFFICER MANAGEMENT BOARD**

The Assistant Director of Communities and Neighbourhoods (SBC) presented the report, the purpose of which was to update the Partnership on progress to date and planned future activities and to act as a support mechanism.

He reported that the Officer Management Board had met on a monthly basis since the last meeting in October 2018 and had concentrated mainly on addressing two of the recommendations of the SIAS (Shared Internal Audit Service) audit covered later on the agenda. This had involved looking at how the financial information was being shared (November meeting) with the provision of regular updates and a quarterly report by the Group Accountant from Stevenage Borough Council. The second target was to have the new Operations Control Room in action by July 2018, the last service to be operating out of Swingate House.

RESOLVED that the work carried out by the CCTV Officer Management Board since the last meeting of the CCTV Executive be noted.

7. **GOVERNANCE REVIEW - NEXT STEPS**

The Assistant Director of Communities and Neighbourhoods (SBC) introduced the report which outlined the suggested next steps in the CCTV governance review in order to ensure that the current CCTV arrangements provided the most cost effective options for the partner councils.

He said that Members needed to consider the best form and function for the CCTV arrangements and whether the individual partners were getting good value if the cameras were purchased through the Hertfordshire CCTV Company Ltd (the Company) rather than through the Partnership. He suggested that the next logical step in the governance review was to ask what it would look like financially if the Partnership were to remove all cameras from the Company and he advised that legal advice had

been taken on this, including looking at whether the current trading requirements would still apply. The Officer Board had suggested modelling the finances of all four councils on the basis of them taking on contracts and looking at whether the Partnership could trade with other companies. He said that there were a number of options for Members to consider and that the Chairman of the Company had offered to attend a future Partnership meeting to talk about their business plan.

A Member from Stevenage pointed out that the existing Company needed to be able to sell as, if they were not investing, there was a danger of running out of equipment. His view was supported by the North Hertfordshire District Council Member.

The Assistant Director of Communities and Neighbourhoods emphasised the importance of looking at the Company's business plan. He added that the existing shareholder agreement required updating as the auditor had identified an anomaly whereby the Company could not be financed by public funds which posed the question of whether the councils' purchase of cameras and equipment fell into that category.

During further discussion, the NHDC Member commented that the CCTV Partnership had been set up with the prime intention of protecting residents and that this would inevitably involve an expense at some point. The meeting agreed on the importance of establishing the best, most cost effective mechanism for the Partnership.

RESOLVED that:

1. the proposed next steps of the Governance Review, as recommended by the Officer Management Board, be considered;
2. it be approved in principle that the monitoring of partner-owned cameras, currently managed through Hertfordshire CCTV Company Ltd, be reassigned to the Hertfordshire CCTV Joint Partnership, subject to a detailed cost benefit analysis; and
3. a further report on future governance and trading options be presented at the meeting of the CCTV Partnership Joint Executive in April 2019.

8. **UPDATE ON WORK STEMMING FROM SIAS GOVERNANCE REVIEW**

The Head of Housing and Health (East Herts Council) presented the report which outlined progress made with the SIAS recommendations following the SIAS review conducted in August 2018 and resulting report.

He reported that the majority of the recommendations were on schedule with two recommendations now completed. Members' particular

attention was drawn to report paragraph 3.6 which detailed the numbers of cameras acquired by each of the four local authorities since the inception of the Partnership's wholly-owned company and currently managed and accounted for within the company. He also highlighted SIAS recommendations 6 and 7 in Appendix A. The first concerned the drawing up of a new five-year business plan for the overall Partnership which it was recommended should be monitored, as a minimum, on a monthly basis rather than quarterly. Management action was on track for this recommendation. Recommendation 7 involved a review and formal confirmation of the role and responsibilities of the SBC Group Accountant in respect of the Partnership which had been achieved and was now complete.

Members were advised of a typo in recommendation 1.3 whereby "31 May 2018" should read "31 May 2019" in respect of the deadline for SIAS recommendation 1 - the review and confirmation of the governance framework for the CCTV Partnership. Concern was expressed, however, that the revised deadline was too tight to consider the actions arising out of the next Partnership meeting on 10 April 2019. The Assistant Director of Communities and Neighbourhoods (SBC) informed Members of two further CCTV Officer Management Board dates on 5 February and 6 March 2019. He offered to circulate the outcomes as soon as possible to enable Officers to brief their own Members on the options available, allowing the reports to be produced in good time for the April meeting. A suggestion was also made to consider holding daytime meetings of the CCTV Partnership Joint Executive.

With reservations, it was agreed that the deadline in recommendation 1 should be amended from 1 December 2018 to 31 May 2019.

RESOLVED that:

1. the work carried out to date by the CCTV Officer Management Board to address the recommendations made by the Shared Internal Audit Service (SIAS) in their report published in August 2018, including completion of the actions against two of the nine recommendations, be considered and noted;
2. the deadline for the SIAS recommendation to "*review the governance framework for the overall CCTV Partnership and confirm it as being fit for purpose*" be amended from 1 December 2018 to 31 May 2018 to enable (a) members to fully consider, at their meeting in April 2019, the legal review of partnership and trading options commissioned by officers and (b) officers to act on members' decisions made in April 2019; and
3. a potential issue be noted in relation to the implementation of SIAS recommendation 1 (the review and confirmation of the governance framework for the CCTV Partnership) due to the short timescale between the next meeting on 10 April 2019 and the deadline of 31 May 2019.

9. **DATE OF NEXT MEETING**

It was noted that the next meeting of the CCTV Partnership Joint Committee would be held at 6pm on Wednesday 10 April 2019 at East Hertfordshire District Council.

Appendix: Operations Report - Responses to questions raised at previous meeting

CLOSURE: 7.28 pm (having commenced at 6.07pm)

CHAIR

Appendix: **Questions raised at CCTV Partnership Joint Executive Meeting on 4 October 2018**

Operations Report – Questions

Audio recording – Start of Item – 6 minutes 14 seconds

1. What is ADPRO Fastrace 2

Answer provided: It is an operating system associated with the CCTV system
More detail required.

The Fastrace 2 is a broadband based Camera and Loud speaker system used almost exclusively in Schools. The new version allows us to paint out certain items which can create false alarms, but it is basically a motion detection alarm system. We utilise the free Schools 'Network For Learning' to provide this service. The Network for Learning is a free broadband network provided for all Schools across the country.

2. When considering the number of incidents, a large proportion were initiated by either the Police or Airwaves. Therefore, was the control room proactive or reactive and what role did ADPRO play in this.

Adpro is a Schools based CCTV Alarm, so very little Police involvement until and unless the alarm escalates. We find that approximately 50% of our incidents are generated by 'Airwaves' the Police Radio System and 50% proactive.

3. Was the increase in the number of cameras deployed, and other statistics included in the report, due to new contracts to the company, or purely an increase for the Partnership.

The increases in the report are as a consequence company growth. New cameras are currently commissioned via the company, not the partnership. The financial benefit of continuing this model should be reviewed as part of the governance review.

4. In respect of re-deployable cameras, please provide more information about Rapid Vision, such as who they are, what they do and why this has changed.

Rapid Vision cameras are a rugged cost effective camera we are using to replace our 'shoebox' cameras. We are currently sourcing these at a cost of 3 for £5,000.00 which is a sixth of the cost of the original cameras. These units are more reliable and the image quality better.

5. Concern was expressed regarding the number of activations at schools and that 250,000 activations with 39 incidents raised questions about what was happening and was this cost effective.

We have an issue with the older Adpro units that generate alarms from pedestrian walkways near to our sensors and both wildlife and tree movement. We are risk managing this by auditing high activation sites and deploying engineers to reposition sensors. This is on-going.

6. Concern was expressed that the lower number of incidents did not tally with the information being provided by the Police. Therefore, did this mean the system was effective in preventing incidents or had something else changed.

Answer provided:

The Police have changed the way they log incidents. We are quite clear in our interpretation of what qualifies as an incident. A detailed report on this will be provided at the next Joint Executive meeting.

7. Did we only supply evidence in DVD format, or in other formats in order to take advantage of high definition. We have invested in high definition cameras and courts now had the capability to view in other high definition formats so providing evidence on DVD only did not take advantage of those capabilities.

Answer provided: Currently provided on DVD. Other opportunities regarding how data might be transferred and shared had been explored.

We have specified the ability to stream HD video from our new control room to any location including the Police Stations, County Operations Rooms and Courts. The success of this will depend on the adoption of the system by the Courts and Police, but we are ensuring the new control room has that capability.

8. Would the new technology mentioned in question 7 be installed and utilised in the new control centre?

Answer provided: We would not wish to install equipment in the new control centre that was not in line with the ambitions of the Partnership regarding sharing information but we need to make sur this was something that could be done and how it could be done.

9. In respect of Control Room Performance and the statement that “this service has been used by solicitors in private complaints”, was RIPA Policy being referred to and adhered to.

Answer provided: Those kinds of viewing requests have to go through a particular approval protocol and third-party viewing went through these protocols.

10. Concern was expressed that the reason for the low number is the infrequency of the officer’s attendance which has on occasion resulted in footage requests falling outside of our 28 day storage limit. This was not an inexpensive operation, that seemed to be driven by the Police. Did we keep statistics on the number of occasions non-attendance by the Police resulted in footage falling outside of the time limits in order to provide evidence to Police of the effect of non-attendance

Answer provided: These frustrations have been shared with the local Police Forces. The reasons given for non-attendance included that officers were not being available, due to being redeployed. The download suite had been provided for this purpose and it was frustrating when, despite repeated reminders, Offices did not attend to view the evidence and therefore the suite was not being fully utilised. This was something that, with the guidance of the Executive, further action could be discussed with the Police.

11. Had training been put in place to enable the Inspectors to be able to keep up with the modern technology and were there plans in place to provided the equipment and space required for the Inspectors

Answer provided: Discussions were taking place about not only about refresher training for Inspectors, but also how to recruit new Inspectors across the Districts as there was a need to increase the number of Inspectors coming into the control room. There was an opportunity, particularly with a new control room, for all of this to be built in as part of the induction programme for new Inspectors, particularly taking on board the need for new equipment to be available

Audio recording – End of Item – 28 minutes 14 seconds

EAST HERTS COUNCIL

JOINT CCTV EXECUTIVE – 5 JUNE 2019

REPORT BY HEAD OF HOUSING AND HEALTH

UPDATE ON AND DECISIONS ARISING FROM THE SIAS GOVERNANCE REPORT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- This report updates members on work carried out since the Committee's meeting on 22nd January 2019 to address the governance issues identified by the Shared Internal Audit Service (SIAS) during their audit commissioned by Stevenage BC on behalf of the CCTV Partnership.
- Members are invited to review progress to date and to consider a number of redrafted documents, revisions to which were recommended by SIAS.
- Members are asked to consider a draft revised Shareholders Agreement. Endorsement of the document, with any amendments requested by members, will enable officers to discuss the revised document in detail with the directors of the company and take further legal advice before finalising the document.
- An amendment to the target date for completion of a fully revised Partnership Agreement from 31st March 2019 to 30th June 2019 is being sought in order to give officers the opportunity to accommodate (a) any amendments members may have to the documents presented with this report, (b) the finalisation of the Shareholders Agreement and (c) the outcome of members' consideration of the report concerning alternative arrangements for the management of the partners'

'non-core' cameras covered elsewhere on this agenda.

<u>RECOMMENDATIONS FOR THE CCTV JOINT EXECUTIVE COMMITTEE: That the Committee:</u>	
(A)	considers and provides feedback on the work carried out to date by the CCTV Officer Management Board, included at Essential Reference Paper 'B', to address the recommendations made by the Shared Internal Audit Service (SIAS) in their report published in August 2018;
(A)	approves the revised governance Framework between the CCTV Partnership and the Hertfordshire CCTV Ltd and the constituent parts of both as presented in Essential Reference Paper 'C';
(B)	approves the revised terms of reference for the CCTV Joint Executive Committee presented at Essential Reference Paper 'D';
(C)	approves the revised terms of reference for the CCTV Officer Management Board presented at Essential Reference Paper 'E';
(D)	endorses the draft revised Hertfordshire CCTV Ltd Shareholders Agreement presented at Essential Reference Paper 'F' and requests the CCTV Officer Management Board to consult Directors of the Company on its content;
(E)	delegates to the CCTV Officer Management Board authority to finalise the Shareholders Agreement having sought the views of the Directors of the Company and legal representatives from the partner councils save that if any further substantive amendments are proposed these shall be brought back to members of the Committee for approval;
(F)	approves an amendment to the completion date for drafting a revised Partnership Agreement to 30th September 2019 or the next Joint CCTV Executive Meeting (whichever is the sooner) so as to fully incorporate the documents considered within this report, as amended by members.

1.0 Background

- 1.1 Given concerns raised by members from each of the four authorities comprising the CCTV Partnership – East Herts, Hertsmere, North Herts and Stevenage – about the governance of the CCTV Partnership and its wholly owned company, Stevenage BC commissioned the Shared Internal Audit Service (SIAS) to conduct a review of the governance arrangement. SIAS completed this work in August 2018, a SIAS representative presented the findings to the Joint CCTV Executive Committee at its meeting on 4th October 2018 and members considered progress against the targets agreed with SIAS at the CCTV Executive meeting on 22nd January 2019.
- 1.2 Members will recall that SIAS reported that *“the Hertfordshire CCTV Partnership has proven to be a useful vehicle for the joint management of the CCTV service. However, we have identified a number of weaknesses in the overall governance control framework”*. Consequently, SIAS were only able to provide **“limited assurance that there are effective controls in operation”**.
- 1.3 To assist in remediating this situation, SIAS made nine recommendations to help address the shortcomings found.

2.0 Report

- 2.1 The Officer CCTV Management Board is now meeting regularly and much progress has been made on the actions agreed with SIAS. **Essential Reference Paper ‘B’** summarises the progress to date including much work since the last Joint CCTV Executive Meeting in January.

Governance framework

- 2.2 Officers have now revisited the governance framework between the CCTV Partnership and the Hertfordshire CCTV Company Ltd and the constituent parts of both. The roles of the constituent parts and how they link together are now more clearly specified – see **Essential Reference Paper ‘C’** for the

diagram of the revised governance arrangements.

- 2.3 Of note, it is proposed that regular liaison between the CCTV Officer Management Board and the director of the company now takes place. Furthermore, it is proposed that officers on the CCTV Officer Management Board provide advice to the shareholder representatives in their respective authorities so as to ensure that shareholder representatives' formal advice, direction and decision-making is fully informed by up-to-date information about issues affecting the partnership and the company.
- 2.4 Furthermore, it is proposed that the CCTV Joint Executive Committee's terms of reference (see below) be amended to enable members of the Joint Executive to provide views on the company channelled through the newly proposed liaison and advice roles of the CCTV Officer Management Board. It is felt this is more appropriate than establishing a direct liaison function between the Joint CCTV Executive Committee and the company's board of directors as this would run counter to the explicit role of the shareholder representative (a well-established means by which a body of shareholders communicates with the company in which it holds shares) and could put members in potentially difficult 'conflict of interest' situations.

CCTV Joint Executive Committee terms of reference

- 2.5 Revised terms of reference for the CCTV Joint Executive Committee have been drafted – see **Essential Reference Paper 'D'**. As noted above, one of the key proposals is that the Committee is given a means of expressing views on the company. In addition, it is proposed that Executive meetings are ordinarily held twice a year, up from once annually, with members able to convene additional meetings should they wish.

CCTV Officer Management Board terms of reference

2.6 Revised terms of reference for the CCTV Officer Management Board have also been drafted – see **Essential Reference Paper 'E'**. The revised terms more clearly articulate the Board's roles and, particularly, afford the Board two new objectives:

- to liaise with Shareholder Representatives to ensure clear communications between the CCTV Partnership and Hertfordshire CCTV Ltd
- to liaise directly with the Company's Board of Directors.

Shareholders Agreement

2.7 Given the ongoing discussion among members of the Joint CCTV Executive Committee of the means by which the company operates and the way in which the partner authorities can exert influence as shareholders, officers have put considerable effort into prepared a redrafted version of the existing Agreement. This is presented at **Essential Reference Paper 'F'**.

2.8 Detailed comments have been attached to the draft version to assist members' consideration of the proposals. In summary, the key proposed changes include:

- the inclusion of a more explicit and expanded list of matters reserved for decision-making by the shareholders rather than the company's directors so as to, legitimately, enable the partner councils to exert influence and control on a specified number of key, strategic matters
- in a way linked to the above proposed change, a proposal to move to all shareholder decisions needing to be unanimous to pass. It appears to officers that this approach is inherent in the workings of the CCTV Partnership from which the company grew.

2.9 Members are asked to consider and, should they wish, propose amendments to the draft Shareholders Agreement

before endorsing it thus triggering officers' consultation with the company and the seeking of further, final legal advice. Should further substantive amendments be proposed during this consultation, a revised version will be brought back to members for consideration.

Partnership Agreement

- 2.10 Officers have agreed to draft a fully revised CCTV Partnership Agreement for consideration and adoption by all partner councils. While officers originally agreed with SIAS's target date of 31st March 2019, the Officer Management Board would now like to seek members' approval to revise the deadline 30th September 2019 or the date of the next Joint CCTV Executive Meeting, whichever is the sooner.
- 2.11 An amendment to the target date is being sought in order to give officers the opportunity to accommodate (a) any amendments members may have to the documents presented with this report, (b) the finalisation of the Shareholders Agreement and (c) the outcome of members' consideration of the report concerning alternative arrangements for the management of the partners' 'non-core' cameras covered elsewhere on this agenda.

3.0 Implications/Consultations

- 3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

SIAS report – previously circulated to Members.

Contact Member: Graham McAndrew, Executive Member for Environment and Public Space.
graham.mcandrew@eastherts.gov.uk

Contact Officer: Jonathan Geall, Head of Housing and Health, Tel:
01992 531594. jonathan.geall@eastherts.gov.uk

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ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate)</i> :	Priority 1: improve the health and wellbeing of our communities – CCTV is a key element of maintaining of community safety Priority 3: enable a flourishing local economy – CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses.
Consultation:	Officers from each partner authority have been consulted and Hertfordshire CCTV Ltd's directors and the shareholder representatives will be consulted as appropriate once the CCTV Joint Executive Committee has considered the report.
Legal:	Victoria Wilders, Legal Services Manager, East Herts Council – legal advice regarding the finalisation of the Shareholders Agreement will be provided on request in due course.
Financial:	None arising directly from this report
Human Resource:	Not applicable
Risk Management:	Risks will be monitored and managed by the CCTV Officer Management Board.
Health and wellbeing – issues and impacts:	CCTV is a key element of maintaining of community safety and CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses.

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Essential Reference Paper 'B': Progress on SIAS recommendations at June 2019

	SIAS's recommendation	Priority	Management action	Target completion date	Update at June 2019
1.	We recommend that the governance framework for the overall CCTV Partnership is reviewed and confirmed as being fit for purpose, or changed as necessary, and is clearly understood by all parties, including the respective roles and responsibilities of the relevant Members and Officers.	High	<p>Responsibility: CCTV Joint Executive and Company Board of Directors.</p> <p>Actions: We will draft a governance framework for the overall CCTV arrangements to include:</p> <ul style="list-style-type: none"> • Governance for Hertfordshire CCTV Partnership • Governance for Hertfordshire CCTV Partnership Ltd. • Governance lines between the Partnership and the Company • Member roles and responsibilities • Officer roles and 	<p>1st Dec 2018</p> <p>REVISED to 31st May 2019 at CCTV Joint Exec meeting on 22nd January 2019</p>	<p>REVIEWED – pending member approval</p> <p>The Officer Management Board has reviewed the governance structure and this report proposes, and seeks approval of, a clearer, revised governance structure – see paragraphs 2.2 – 2.4 and ERP C</p>

			responsibilities These will be consulted on and agreed by the CCTV Joint Executive and the Company Board of Directors.		
2.	We recommend that an appropriate new Partnership Agreement between the current four CCTV Partner Authorities is drawn up and executed. It should clearly include the specific roles and responsibilities of the Partner Authorities. It should also clearly state the relationship the Partner Authorities have with Hertfordshire CCTV Partnership Ltd. and the function of that company in respect of the overall CCTV Partnership.	High	Responsibility: CCTV Officer Management Board. Actions: We will prepare an updated CCTV Partnership Agreement drafted through the CCTV Officer Management Board to be signed by all four Partner Authorities.	31 st March 2019	SEEKING AMENDED DEADLINE Officers seeking approval to amend deadline to 30 th September 2019 or the date of the next Joint CCTV Exec Meeting, whichever is the sooner
3.	We recommend that the current Shareholders' Agreement for the Company is reviewed to ascertain if it remains fit for purpose and, if so,	High	Responsibility: Company Board of Directors.	31 st March 2019	REVIEWED – pending member approval The Officer Management Board has reviewed the Shareholder Agreement. This report seeks in

	that the terms are fully complied with.		<p>Actions:</p> <p>The Company Directors' will consider this recommendation through their Shareholder Representatives in light of future considerations relating to the future of Hertfordshire CCTV Partnership Ltd.</p>		principle member approval of the draft revised version and delegation to officers of CCTV Officer Management Board to seek the views of the company and finalise the revised Agreement having taken further legal advice on subsequent amendments – see paragraphs 2.7 – 2.9 and ERP F. If substantive amendments to the draft are forthcoming, further member approval to proceed will be sought
4.	We recommend that appropriate revised / new Terms of Reference for the CCTV Joint Executive and the CCTV Officer Management Board are drawn up and formally agreed.	High	<p>Responsibility:</p> <p>CCTV Joint Executive and CCTV Officer Management Board.</p> <p>Actions:</p> <p>Terms of Reference will be updated for the CCTV Joint Executive and a Terms of Reference will be created for the CCTV Officer Management Board.</p>	31 st March 2019	<p>REVIEWED – pending member approval</p> <p>The Officer Management Board has reviewed the ToR of the CCTV Joint Executive Committee – see paragraph 2.5 and ERP D.</p> <p>The Officer Management Board has reviewed the ToR of the CCTV Officer Management Board – see paragraph 2.6 and ERP E.</p>
5.	We recommend that, once agreed, the revised/new Terms of Reference for the CCTV Joint Executive and the CCTV Officer	High	<p>Responsibility:</p> <p>Each of the four Partner Authorities.</p> <p>Actions:</p>	31 st July 2019	<p>ON TRACK</p> <p>All partner authorities have committed to update their constitutions following member approval of any revisions</p>

	Management Board are revised / added in the Constitutions for each of the four Partner Authorities, together with the updated Member/Officer representation for both groups.		New Terms of Reference will be submitted for formal incorporation into constitutional arrangements for the four Partner Authorities.		
6.	We recommend that a new five year Business Plan for the overall CCTV Partnership is drawn up and agreed. As a minimum, the plan should be monitored on a monthly basis in terms of achievements against projections and it should be the subject of a full review and refresh annually to cover the next five years ahead on a rolling basis. Besides financial projections, it should include non-financial aims and targets that should be monitored, reviewed and refreshed on the same basis.	High	<p>Responsibility: CCTV Joint Executive and Company Board of Directors.</p> <p>Actions: We will develop a new five year rolling Business Plan (with monthly monitoring and full annual reviews) for the overall Hertfordshire CCTV Partnership based on decisions about the future direction of Hertfordshire CCTV Partnership Ltd.</p>	31 st March 2019	<p>ON TRACK</p> <p>Stevenage BC has allocated a new accountant to support the CCTV Partnership:</p> <ul style="list-style-type: none"> • a recharge schedule has been produced and agreed by the CCTV Officer Management Board • in-year budget forecasts for the CCTV budget are now being produced by Stevenage BC and shared with the partnership authorities • the ownership and status of each camera has been established to inform budget-setting for 2019/20 and the legal review • following future member decisions on the company and status of various cameras, the CCTV Officer Management Board will ensure that from

					2019/20 onwards, detailed annual budgets will be drawn up within the context of an overall direction-of-travel for the CCTV Partnership for the coming five years
7.	We recommend that the role and responsibilities of the SBC Group Accountant in respect of the overall CCTV Partnership are reviewed, evaluated and formerly confirmed. Consideration should be given to increased use of the external Accountants with regard to the accounting requirements of Hertfordshire CCTV Partnership Ltd.	High	<p>Responsibility: CCTV Officer Management Board, Company Board of Directors and SBC Assistant Director, Finance & Estates.</p> <p>Actions: The role of the SBC Group Accountant in relation to the overall Partnership will be clarified in the revised Partnership Agreement. The Company Directors will consider the accountancy needs of the Company and source appropriately.</p>	31 st March 2019	<p>COMPLETE</p> <p>The role of the Stevenage BC Group Accountant has been drawn by Stevenage BC and has been agreed by the CCTV Officer Management Board.</p> <p>The company agreed at its Board meeting in November 2018 to source its accountancy needs separately</p>
8.	We recommend that all reporting arrangements for the Partner Authorities are formally	High	<p>Responsibility: CCTV Joint Executive, CCTV Officer Management Board</p>	31 st March 2019	<p>ON TRACK</p> <p>This will form part of the revised Partnership Agreement – see above</p>

	reassessed, agreed and documented to ensure there is complete clarity and transparency of expectations and understanding across all interested parties regarding the need, responsibility, frequency, timing, content, format and distribution of each report required.		and Company Board of Directors as appropriate. Actions: Authority reporting arrangements to be included as part of a revised Partnership Agreement, Shareholder Agreement and Terms of Reference as necessary.		
9.	We recommend that there is a review of how charges are being calculated and billed to the Partner Authorities, clarification of who is responsible for this and agreement of the timing.	HIGH	Responsibility: SBC Assistant Director, Finance & Estates. Actions: A schedule of charges to be prepared for the Partnership. The schedule will identify recharges applied to the Partnership, including; staffing, overheads, IT, etc. The schedule will also include recharges applied to Hertfordshire	1 st December 2018	COMPLETE A recharge schedule has been produced for consideration by the partner authorities. Quarterly in-year budget forecasts for the CCTV budget are now being produced by Stevenage BC and shared with the partnership authorities

			CCTV Partnership Ltd. A quarterly finance report to be prepared for the CCTV Officer Management Board, to include year-end financial projections for the Partnership.		
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ERP C: Proposed revised governance framework

PARTNERSHIP

COMPANY

Council, Executive/Cabinet, CCTV Joint Exec
Decision making body as determined within each council's

Council, Executive/Cabinet, other body
Formal shareholder as determined within each council's Constitution

Policy and financial matters

Guidance on each council's position

CCTV Joint Exec

Shareholder reps

Strategic matters

Advice to reps

*Board provides info to reps
 Reps determine reserved matters*

CCTV Officer
 Management Board

Board of Directors

Liaison

Oversight, direction

Stevenage BC
 management
 structure

CCTV service

Operational matters

—————> Existing governance linkage

- - - - -> Proposed new linkage

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Tracked changes version

Stevenage, North Herts, East Herts and Hertsmere CCTV Joint Executive Committee

Terms of Reference

1.0 PURPOSE OF THE COMMITTEE

1.1 To discuss and agree the strategic and policy issues relating to the jointly owned and operated CCTV Control Room and Monitoring Service.

1.2 To deal with all matters defined under the CCTV 'Code of Practice' as the responsibility of the CCTV Joint Executive Committee.

~~4.21.3~~ To consider operations and performance reports from the CCTV Operations Manager and CCTV Officer Management Board.

~~4.31.4~~ To consider and approve any location, expansion or contraction proposals and service changes for the overall partnership including; the CCTV Control Room, network, and monitoring service.

~~4.41.5~~ To consider and agree changes to the CCTV 'Code of Practice'.

~~4.51.6~~ To ensure the Independent Inspection regime is set up and maintained.

~~4.61.7~~ To receive and approve the Independent Inspectors' annual report.

1.8 To consider complaints regarding any breaches of the CCTV 'Code of Practice' and recommendations for preventing breaches and recommend disciplinary action where appropriate.

~~1.9~~ To express views regards the jointly owned company, Hertfordshire CCTV Ltd, to be channelled through the CCTV Officer Management Board.

1.10 To make recommendations on any of the above to the Officer Management Board.

2.0 CONSTITUTION OF THE BOARD

Comment [JG1]: Proposal to specify the consideration of operational and performance reports

Comment [JG2]: Proposed new provision to enable the Exec Ctte to express views on the company

2.1 The CCTV Joint Executive Committee is constituted as a joint committee of the partner councils. Each partner council shall nominate ~~Executive Committee comprising of~~ three elected members to the Committee. It shall be for of each partner council to determine the mechanism for making these appointments. ~~Authority.~~

2.2 Meetings shall be held at least one ~~twice~~ per year or when members determine there is sufficient business for more frequent meetings.

Comment [JG3]: Proposed increase from once to twice year plus the provision to call additional meetings

~~2.3 To make recommendations on any of the above to the Officer Management Board.~~

3.0 ~~QUORUM~~

3.1 A Quorum shall be four members with at least one from each of the partner authorities.

4.0 CHAIRMAN

3.1 The Chairman shall ordinarily be a member of the council hosting the meeting although members present at the meeting may choose a Chairman from any member present.

5.0 VENUE

5.1 The meetings shall alternate between the offices of the partner authorities in whichever way determined by the members of the Committee.

6.0 PROCEDURAL MATTERS

6.1 Each meeting shall follow the normal Standing Orders of the council hosting that meeting.

6.2 The hosting council shall ensure that minutes are taken and made available.

7.0 AMENDING THE TERMS OF REFERENCE

7.1 Any partner council may request a review and/or amendment of these terms of reference at any time.

'Clean' version with tracked changed approved

Stevenage, North Herts, East Herts and Hertsmere CCTV Joint Executive Committee

Terms of Reference

1.0 PURPOSE OF THE COMMITTEE

- 3.1 To discuss and agree the strategic and policy issues relating to the jointly owned and operated CCTV Control Room and Monitoring Service.
- 3.2 To deal with all matters defined under the CCTV 'Code of Practice' as the responsibility of the CCTV Joint Executive Committee
- 3.3 To consider operations and performance reports from the CCTV Operations Manager and CCTV Officer Management Board.
- 3.4 To consider and approve any location, expansion or contraction proposals and service changes for the overall partnership including; the CCTV Control Room, network, and monitoring service.
- 3.5 To consider and agree changes to the CCTV 'Code of Practice'.
- 3.6 To ensure the Independent Inspection regime is set up and maintained.
- 3.7 To receive and approve the Independent Inspectors' annual report.
- 3.8 To consider complaints regarding any breaches of the CCTV 'Code of Practice' and recommendations for preventing breaches and recommend disciplinary action where appropriate.
- 3.9 To express views regards the jointly owned company, Hertfordshire CCTV Ltd, to be channelled through the CCTV Officer Management Board.
- 3.10 To make recommendations on any of the above to the Officer Management Board.

4.0 CONSTITUTION OF THE BOARD

4.1 The CCTV Joint Executive Committee is constituted as a joint committee of the partner councils. Each partner council shall nominate three elected members to the Committee. It shall be for each partner council to determine the mechanism for making these appointments..

4.2 Meetings shall be held at least twice per year or when members determine there is sufficient business for more frequent meetings.

5.0 QUORUM

3.1 A Quorum shall be four members with at least one from each of the partner authorities.

4.0 CHAIRMAN

3.1 The Chairman shall ordinarily be a member of the council hosting the meeting although members present at the meeting may choose a Chairman from any member present.

5.0 VENUE

5.1 The meetings shall alternate between the offices of the partner authorities in whichever way determined by the members of the Committee.

6.0 PROCEDURAL MATTERS

6.1 Each meeting shall follow the normal Standing Orders of the council hosting that meeting.

6.2 The hosting council shall ensure that minutes are taken and made available.

7.0 AMENDING THE TERMS OF REFERENCE

7.1 Any partner council may request a review and/or amendment of these terms of reference at any time.

ERP E: Proposed revised version

Tracked changes version

Stevenage Borough, ~~and~~ North Hertfordshire District Council, East Hertfordshire District Council and Hertsmere Borough Council

CCTV Scheme

CCTV **Officer** Management Board

Terms of Reference:

The Management Board will take responsibility for ~~major~~ significant decisions affecting the operational management of the joint CCTV initiative. They will monitor the effectiveness of the CCTV operations and associated financial and management controls. They will approve any change to the structure of the control room and the suitability and viability of new customers in the joint initiative. They will oversee all changes necessary to abide by new legislation and updates to the Code of Practice. They will also consider data and intelligence to help plan for -and cope with movements in crime patterns and antisocial behaviour. They will report to the CCTV Joint Executive on the progress of the Partnership and significant decisions to be considered by partners.

Main Objectives

- To ensure that all ~~significant~~ major operational decisions are agreed and ratified by officers ~~representing the partner councils of both Stevenage Borough Council and North Hertfordshire District Council.~~
- To ensure that the Joint Executive Committee Board is ~~are~~ made aware of changes to the day to day running of the partnership and able to provide adequate governance oversight of the operations.
- To ensure that the Joint Executive Committee is provided with adequate information on the performance and effectiveness of CCTV provision across the partnership.
- To drive innovation and oversee new opportunities to provide a cost-effective and well run CCTV Partnership.
- To monitor the financial operation of the Partnership and agree charges and reasonable inflationary increases. ~~potential new clients to the scheme and any withdrawals.~~
- To take reports on any relevant items that ~~ae~~ affect the operation of the CCTV system Partnership, including the Code of Practice and make recommendations to the Joint Executive Committee Board.
- To liaise with Shareholder Representatives to ensure clear communications between the CCTV Partnership and Hertfordshire CCTV Ltd.
- To liaise directly with the Company's Board of Directors.

Membership

The membership of the Management Board is comprised of ~~two at least one~~ nominated officer ~~Corporate Directors~~ or their appointed representatives from each partner authority and the CCTV Operations Manager, employed by Stevenage Borough Council. The Group Accountant and other support services from Stevenage Borough Council will attend by request.

Frequency

~~Initially it is envisaged that there will be a quarterly meeting of the CCTV Management Board. However once established a six monthly frequency is more likely. The Management Board will meet quarterly, or as required.~~

Chair/Quorum/Venue

The Chair of the Board will ~~alternate between be a Head of Services~~ senior officer from each partner authority ~~on an alternating basis. The initial meeting to be chaired by the Director of Technical Services for Stevenage Borough Council.~~ Quorum will be maintained as long as one head of service officer or their appointed representative from ~~each partner~~ both partners (NHDC & SBC) is present. ~~Alternate venues between NHDC and SBC to be arranged initiating with SBC~~ Venues will be agreed from across the partnership.

Reports

~~A summary/Minutes will be taken by the Parking Services Manager and circulated to Management Board Members~~ Minutes will be taken by the CCTV Manager and circulated to Board members no less than two weeks after each meeting.

The CCTV Management Board will provide progress reports to the CCTV Joint Executive on a regular basis.

'Clean' version with tracked changed approved

Stevenage Borough, North Hertfordshire District Council, East Hertfordshire
District Council and Hertsmeire Borough Council

CCTV Officer Management Board

Terms of Reference:

The Management Board will take responsibility for significant decisions affecting the operational management of the joint CCTV initiative. They will monitor the effectiveness of the CCTV operations and associated financial and management controls. They will oversee all changes necessary to abide by new legislation and updates to the Code of Practice. They will also consider data and intelligence to help plan for and cope with movements in crime patterns and antisocial behaviour. They will report to the CCTV Joint Executive on the progress of the Partnership and significant decisions to be considered by partners.

Main Objectives

- To ensure that all significant operational decisions are agreed and ratified by officers representing the partner councils..
- To ensure that the Joint Executive Committee is made aware of changes to the day to day running of the partnership and able to provide adequate governance oversight of the operations.
- To ensure that the Joint Executive Committee is provided with adequate information on the performance and effectiveness of CCTV provision across the partnership.
- To drive innovation and oversee new opportunities to provide a cost-effective and well run CCTV Partnership.
- To monitor the financial operation of the Partnership and agree charges and reasonable inflationary increases.
- To take reports on any relevant items that affect the operation of the CCTV Partnership, including the Code of Practice and make recommendations to the Joint Executive Committee.
- To liaise with Shareholder Representatives to ensure clear communications between the CCTV Partnership and Hertfordshire CCTV Ltd.
- To liaise directly with the Company's Board of Directors.

Membership

The membership of the Management Board is comprised of at least one nominated officer or their appointed representatives from each partner authority and the CCTV

Operations Manager, employed by Stevenage Borough Council. The Group Accountant and other support services from Stevenage Borough Council will attend by request.

Frequency

The Management Board will meet quarterly, or as required.

Chair/Quorum/Venue

The Chair of the Board will alternate between each partner authority. Quorum will be maintained as long as one officer or their appointed representative from each partner is present. Venues will be agreed from across the partnership.

Reports

Minutes will be taken by the CCTV Manager and circulated to Board members no less than two weeks after each meeting.

The CCTV Management Board will provide progress reports to the CCTV Joint Executive on a regular basis.

ERP F: Proposed revised Shareholders Agreement

SHAREHOLDERS AGREEMENT

Dated

2014

- 1) North Hertfordshire District Council**
 - 2) East Hertfordshire District Council**
 - 3) Stevenage Borough Council**
 - 4) Hertsmere Borough Council**
- and**
- 5) Hertfordshire CCTV Partnership Ltd**

SHAREHOLDERS' AGREEMENT

relating to

Hertfordshire CCTV Partnership Ltd

Note: formatting and page numbering to be finalised

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SCHEDULE 1 - PARTICULARS OF THE COMPANY

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SCHEDULE 4 – CONTACT DETAILS

THIS AGREEMENT is made on

20142019

BETWEEN:

- (1) **North Hertfordshire District Council** of Council Offices, Gernon Road, Letchworth Garden City, Hertfordshire SG6 3JF ("**NHDC**");
- (2) **East Hertfordshire District Council** of Wallfields, Pegs Lane, Hertford SG13 8EQ ("**EHDC**");
- (3) **Stevenage Borough Council** of Daneshill House, Danestrete, Stevenage, Hertfordshire SG1 1HN ("**SBC**");
- (4) **Hertsmere Borough Council** of Civic Offices, Elstree Way, Borehamwood, Hertfordshire WD6 1WA ("**HBC**");
- (5) **Hertfordshire CCTV Partnership Ltd** (registered company number: 9295528) of Daneshill House, Danestrete, Stevenage, Herts SG1 1HN ("**Company**").

WHEREAS:

- (A) The Shareholders have decided to establish the Company to undertake and provide CCTV services and associated services.
- (B) The Shareholders and the Company are entering into this Agreement to ensure that the Shareholders retain control over the strategic direction and key decisions of the Company.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 In this Agreement, unless the context requires otherwise:

"Accounting Reference Date"	31 st March
"Articles"	means the articles of association of the Company as amended from time to time;
"Board"	means the Directors or those of the Directors present at a duly convened and quorate meeting of the Directors;
"Business"	has the meaning given in clause 5;
"Business Day"	means a day (other than a Saturday or Sunday) on which banks are open for business in England;
"Business Information"	means all information of whatsoever nature (whether oral, written or in any other form) containing or consisting of material of a technical, operational, administrative, economic, marketing, planning, human resources, legal, business or financial nature, or in the nature of Intellectual Property of any kind and relating to the Company or any subsidiary undertaking of the Company from time to time;

"Business Plan"	means the initial operational business plan and budget of the Company in the agreed form and adopted on the date of this Agreement and any subsequent operational business plan and budget of the Company adopted in accordance with Clause 5 from time to time;
"Companies Act"	means the Companies Act 2006;
"Confidential Business Information"	means, in relation to a person, all technical, commercial, financial or other information of whatever nature and whether disclosed orally, pictorially, in writing, by demonstration, by viewing, in machine readable form or other means which relates to that person's business, products, developments, services, trade secrets, know-how, personnel, supplies, customers already disclosed or to be disclosed by or on behalf of that person to a Shareholder (or any person associated with it) and whether or not designated as confidential;
"Deed of Adherence"	means a deed in the form or substantially in the form set out in Schedule 2;
"Director"	means a director of the Company and includes any person occupying the position of director, by whatever name called;
"Encumbrance"	includes any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect;
"EIR"	the Environmental Information Regulations 2004 and any subordinate legislation made under the Regulations from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;
"Financial Year"	means each financial accounting period of 12 months ending on the Accounting Reference Date other than in relation to the first accounting reference period which shall run on and from incorporation of the Company to and including the Accounting Reference Date in the following calendar year, or such longer or shorter period as the Shareholders shall from time to time unanimously determine;

"FOIA"	the Freedom of Information Act 2000 and any subordinate legislation made under the Act from time to time, together with any guidance and/or codes of practice issued by the Information Commissioner or relevant government department in relation to such legislation;
"IA"	means the Insolvency Act 1986;
"Insolvency"	<p>means any of the following:</p> <ul style="list-style-type: none"> <li data-bbox="590 683 1163 907">(a) the presentation of a petition, or the convening of a meeting for the purpose of considering a resolution, for the winding up or dissolution of, the passing of any resolution for the winding up or dissolution of, or the making of a winding up order against or order for the dissolution of, a party; <li data-bbox="590 929 1163 1153">(b) the appointment of a receiver, administrative receiver, receiver and manager, administrator, sequestrator or similar officer over all or any of the assets or undertaking of a party, the making of an administration application or presentation of a petition for an administration order, or the making of an administration order, in relation to a party; <li data-bbox="590 1176 1163 1601">(c) the proposal of, application for or entry into of a compromise or arrangement or voluntary arrangement, or any other scheme, composition or arrangement in satisfaction or composition of any of its debts or other arrangement for the benefit of its creditors generally, by a party with any of its creditors (or any class of them) or any of its Shareholders (or any class of them) or the taking by any party of any action in relation to any of the same or the filing of any documentation for the purpose of obtaining a moratorium pursuant to section 1A and paragraph 7 of schedule A1 of IA in relation to a party; <li data-bbox="590 1624 1163 1758">(d) the taking by any creditor (whether or not a secured creditor) of possession of, or the levying of distress or enforcement or some other process upon, all or part of the property, assets or undertaking of a party; <li data-bbox="590 1780 1163 1879">(e) the deemed inability of a party which is a company to pay its debts within the meaning of section 123 of IA or a party which is an

individual appearing to be unable to pay a debt or to have no reasonable prospect of being able to pay a debt within the meaning of section 268 of IA;

- (f) the suspension of payment of debts by a party or the inability or admission of inability of a party to pay its debts as they fall due;
- (g) the ceasing by a party to carry on the whole or a substantial part of its business;
- (h) the presentation of a petition for bankruptcy, or the making of a bankruptcy order, in respect of a party, the occurrence of circumstances in respect of a party which would enable the presentation of a bankruptcy petition under part IX of IA or the making of an application for an interim order or the making of an interim order under section 252 of IA in relation to a party; or
- (i) the occurrence of an event or circumstance in relation to a party similar to any of those referred to in paragraphs (a) to (h) above in any jurisdiction other than England and Wales

and the term "Insolvent" shall be construed accordingly;

"Intellectual Property"

means patents, inventions, registered designs, trademarks, applications for any of the foregoing or the right to apply therefore in any part of the world; design rights including community designs, database rights, copyrights, rights in the nature of copyright, topography rights; trade names, logos, get-up, domain names; know-how and trade secrets; and any similar or equivalent rights arising or subsisting anywhere in the world;

Material Shareholding Matter
"Material Increase or Decrease"

means any matter which a Shareholder believes if it were to be addressed would result in that Shareholder's proportion of shares being 10% more or less than at present. For avoidance of doubt, the percentage change should be calculated by dividing the difference in the estimated resulting share and current share percentages by the current share percentage; it is not simply the estimated change itself in the percentage of shares held; fluctuation, by 10% or more, of the number of CCTV cameras provided by any Shareholder for use by the Company in the Business;

Comment [JG1]: It is proposed to reconsider the mechanism for reviewing the allocation of shares in the future. Officers believe a little more work on this is required

"Public Body"

means a contracting authority as such term is defined in the Public Contracts Regulations 2006 (as may be amended from time to time);

"Reserved Matters"

means the matters specified in Schedule 3;

"Shareholder"	means either NHDC, EHDC, SBC or HBC or any additional Shareholder admitted in accordance with this Agreement;
"Special Resolution"	has the meaning given in section 283 of the Companies Act 2006;
"Trading Company Contract"	means the contract entered into between each of the Shareholders and the Company, in which the Shareholders provide resources to the Company to enable the Company to provide services to third parties;
<u>"Unanimous Shareholder Approval"</u>	<u>means that each and every Shareholder has made known its approval, regardless of whichever individual, individuals, group or body within a Shareholder body has the authority to determine such approval</u>
"Working Day"	means any day on which the Shareholders' offices are normally open for business;
"Working Hours"	means 9.00 a.m. to 5.00 p.m. on a Business Day.

Comment [JG2]: Proposed new defined term to capture proposal that all shareholder decision-making shall be on the basis of unanimous approval

1.2 In this Agreement, unless the context requires otherwise:

- 1.2.1 references to clauses, paragraphs, recitals and Schedules are references to clauses and paragraphs of, and recitals and schedules to, this Agreement. The Schedules form part of this Agreement and shall have the same force and effect as if expressly set out in the body of this Agreement, and any reference to this Agreement shall include the Schedules. The recitals and headings to clauses and Schedules are for convenience only and shall not affect the construction or interpretation of this Agreement;
- 1.2.2 a reference to a statute or a statutory provision includes a reference to:
 - 1.2.2.1 the statute or statutory provision as modified or re-enacted or both from time to time (whether before or after the date of this Agreement); and
 - 1.2.2.2 any subordinate legislation made under the statute or statutory provision (whether before or after the date of this Agreement),
 provided that any such modification, re-enactment or legislation made after the date of this Agreement does not materially change the relevant provision;
- 1.2.3 references to a "**person**" shall be construed so as to include any individual, firm, corporation, government, state or agency of a state or any joint venture, trust, association or partnership (whether or not having separate legal personality);
- 1.2.4 references to any gender shall include every gender, and the singular shall include the plural and vice versa;
- 1.2.5 a person shall be deemed to be "**connected**" with another if that person is connected with that other within the meaning of section 1122 Corporation Tax Act 2010;

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- 1.2.6 words and expressions defined in the Companies Acts shall have the same meanings when used in this Agreement;
- 1.2.7 references to writing or written shall include any mode of reproducing words in a legible and non-transitory form;
- 1.2.8 references to a "**party**" or the "**parties**" are to a party or the parties to this Agreement from time to time and any person who agrees to be bound by the provisions of this Agreement from time to time but, for the avoidance of doubt, shall not refer to any person who has ceased to have any obligations under this Agreement from time to time;
- 1.2.9 in construing this Agreement, the rule known as ejusdem generis rule shall not apply nor shall any similar rule or approach to the construction of this Agreement and accordingly general words introduced or followed by the word(s) other or including or in particular shall not be given a restrictive meaning because they are followed or preceded (as the case may be) by particular examples intended to fall within the meaning of the general words;
- 1.2.10 references to a "**month**" shall be construed as a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or, if there is no numerically corresponding day in the next calendar month, the last day in the next calendar month;
- 1.2.11 any requirement upon a Shareholder to procure a particular matter or thing shall be deemed to include an obligation to exercise its powers as a Shareholder, and to use its reasonable endeavours to procure that any Director appointed by it shall (subject to his fiduciary and other legal duties owed to the Company) exercise his powers as a director, to procure such matter or thing;
- 1.2.12 references to a document in the "**agreed form**" are to a document in a form agreed by the parties and initialled by or on behalf of each of them for the purpose of identification; and
- 1.2.13 references to a holding company or subsidiary means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Companies Act 2006 and for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), a company shall be treated as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), by way of security or in connection with the taking of security, or (b) its nominee.

2 FINANCING THE COMPANY

- 2.1 The Company will be funded through the advance payment from private clients of the Business for the delivery of services. For the avoidance of any doubt, Shareholders will not be funding the company with public funds.
- 2.2 Individual costs associated with the delivery of services under the Service Contracts will be borne by the income received from the Service Contracts.

- 2.3 Any additional operating costs will be borne by the Company.
- 2.4 Any operational savings will be dealt with in accordance with the Business Plan.
- 2.5 If the Company requires finance or debt funding in addition to that already provided pursuant to this Agreement, it shall endeavour to seek and obtain such debt funding or finance for such amount and on such terms from third party sources as set out in the Business Plan or as otherwise determined by the Shareholders. Such further finance may be by way of grants or borrowing from a third party subject to compliance of the Reserved Matters.

3 MANAGEMENT OF THE COMPANY

- 3.1 With the exception of the Reserved Matters, the Business and all affairs of the Company shall be managed by the Board. To that end but subject to those exceptions, the Board shall have full and complete authority, power and discretion to direct, manage and control the Business and the affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incidental to the management of the Business.
- 3.2 The Shareholders and the Company agree to maintain the Board for the duration of this Agreement and agree (and agree to procure) that the Board shall operate in accordance with the provisions of this Agreement and the Business Plan then in force.
- 3.3 Adoption of a Business Plan in accordance with clause 5, other than the Business Plan adopted on the date of this Agreement, requires the unanimous approval of the Shareholders.
- 3.4 Other than where specifically included within the Business Plan the Board shall obtain the prior unanimous approval of the Shareholders before taking any decision in relation to any of the Reserved Matters.
- 3.5 Once a Business Plan has been so approved, as regards the matters specifically contained in the Business Plan or any matter which has been delegated through the Business Plan for decision-making purposes to the Board or any other person:

- 3.5.1 clause 3.6 shall cease to have effect; and

- 3.5.2 any reference in this Agreement to the unanimous approval of the Shareholders (or similar wording) shall be amended so that it is a reference to the approval of the Board or the approval of that other person, as the case may be,

and the Company shall not undertake any business or action which is inconsistent with the Business Plan then in force or omit to undertake any action which is required by that Business Plan except with the unanimous approval of the Shareholders.

- 3.6 If a Reserved Matter is either not specifically contained in the Business Plan then in force or not delegated through the Business Plan for decision-making purposes to the Board or any other person, the Shareholders shall procure that such Reserved Matter shall not be undertaken by the Company (or any subsidiary of the Company from time to time) without the unanimous approval of the Shareholders (and a

reference to the Company in Schedule 3 shall include a reference to each such subsidiary from time to time).

3.7 The Shareholders shall procure that the Company and any subsidiary of the Company from time to time, and (in so far as it may legally do so) the Company agrees that it, shall:

3.7.1 carry on and conduct its business and affairs in accordance with:

3.7.1.1 the Business Plan;

3.7.1.2 the Articles;

3.7.1.3 all laws relating to companies as amended from time to time;

3.7.1.4 sound governance and good business practice; and

3.7.1.5 in a proper and efficient manner, for its own benefit;

3.7.2 use all reasonable endeavours to obtain and, if necessary, maintain in full force and effect all licences (including statutory licences), consents and authorities necessary to own and operate its assets and to carry on its business properly and effectively and in accordance with the Business Plan.

4 BOARD OF DIRECTORS

4.1 Each Shareholder agrees to procure that the number of Directors of the Company shall not be less than four (4).

4.2 Each Shareholder shall be entitled to appoint and remove two (2) Directors to the Board.

4.3 A Shareholder may appoint a Director, and remove or replace a Director whom it appointed, by giving notice to the Company and the other Shareholders. The appointment or removal takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.

4.4 Any Shareholder removing a Director appointed by it shall indemnify and keep indemnified the Company against any claim connected with the Director's removal from office.

4.5 The parties intend that meetings of Directors shall take place at least two times each year with a period of not more than six (6) months between any two (2) meetings.

4.6 The parties shall use their respective reasonable endeavours to ensure that any meeting of the Board (or meeting of a committee of the Board) has the requisite quorum.

5 THE BUSINESS PLAN AND COMPLIANCE WITH THE BUSINESS PLAN

5.1 The business of the Company (the "Business") shall be:

- 5.1.1 to provide CCTV services and associated services to third party clients;
- 5.1.2 during any period for which a Business Plan has been adopted and is in force, to undertake such other business(es) as is or are set out in that Business Plan; and
- 5.1.3 to undertake such other business(es) as the Shareholders may from time to time determine.
- 5.2 The Shareholders shall procure that the Board prepares in respect of each Financial Year a Business Plan to include (in relation to the next Financial Year to which it relates):
- 5.2.1 an operating revenue budget and capital expenditure requirements (including funding source);
- 5.2.2 a cash-flow statement giving an estimate of the working capital requirements of the Company;
- 5.2.3 a monthly projected profit and loss account;
- 5.2.4 a balance sheet forecast;
- 5.2.5 a 5 year medium term financial strategy projection;
- 5.2.6 a management report giving business objectives and activities for the ~~Year~~year, presented in such a way that Shareholders can clearly understand (a) the number, length and value of contracts held at the start of the financial year preceding the financial year to which the Business Plan relates, (b) any known or anticipated changes in the number, length and/or value of contracts between the beginning and end of the financial year preceding the financial year to which the Business Plan relates and (c) any anticipated changes to the number, length and/or value of contracts in the financial year to which the Business Plan relates;
- ~~5.2.7~~ key performance indicators with previous performance and targets for the coming financial year;
- ~~5.2.8~~ estimates, assumptions regarding reinvestment of profits, distribution of dividends and capitalisation of profits for the coming financial year including the amounts it will be prudent to retain in order to meet operational costs in the coming financial year and the amounts available for distribution to the Shareholders; and
- ~~5.2.9~~ any Reserved Matters specifically approved as part of the through the Business Plan approval process.
~~Plan.~~
- 5.3 The Business Plan for the first Financial Year shall be adopted on the date of this Agreement.
- 5.4 The Business Plan for every Financial Year subsequent to the first Financial Year shall be:

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Comment [JG3]: Proposal to oblige the company to provide more comprehensive details of contracts in the business plan

Comment [JG4]: Proposal to oblige the company to include PI data in the business plan

Comment [JG5]: Proposal to oblige the company to include proposals regarding profits and their use in the business plan

5.4.1 prepared by the Board in accordance with the budget process timetables of the Shareholders as notified by the Shareholders or by ~~at least no later than~~ the ~~31st~~-30th day of ~~December~~-November in the Financial Year preceding the start of the Financial Year to which it relates; and

Comment [JG6]: Proposal to align the business planning timetable more closely to councils' budget setting timetables

5.4.2 adopted and approved by the Shareholders, subject to any agreed changes or revisions as proposed by the Shareholders, either in writing or at a general meeting as soon as possible after it has been prepared.

5.5 The Shareholders agree to work together in good faith to procure that the Business Plan for each subsequent Financial Year is prepared in accordance with this clause 5.

~~5.6 For any period when a proposed Business Plan presented under clause **Error! Reference source not found.** has not been approved in accordance with clause 5.4 and adopted by the Company in accordance with this Agreement the relevant existing Business Plan shall continue to be the Business Plan of the Company.~~

Comment [JG7]: Proposed clarification that the company's existing business plan should still apply until the shareholders approve a revised one

6 SHAREHOLDER VOTING

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~~6.1 All For any decision or resolution or Special Resolution reserved for the Shareholders to determine, s of the Shareholders it shall except for Reserved Matters (which require unanimous Unanimous Shareholder approval/Approval) shall be required to be approved as Special Resolutions.~~

~~6.2 In respect of Special Resolutions of the Company, Shareholder voting shall be weighted and each Shareholder is the registered owner of shares in proportion to its respective percentage of voting weight as follows:~~

~~6.2.1 SBC to hold 37 percent of the vote;~~

~~6.2.2 NHDC to hold 27 percent of the vote;~~

~~6.2.3 EHDC to hold 22 percent of the vote; and~~

~~6.2.4 HBC to hold 14 percent of the vote.~~

Comment [JG8]: Proposal to introduce the requirement for unanimous approval by all shareholders on all matters. Without this, SBC and NHDC can, in effect, acting on their own veto any matter requiring 75% approval. This is not concerned to be in the spirit of the overall Partnership Agreement which itself gave rise the establishment of the company

7 SHAREHOLDER ACCESS TO INFORMATION

7.1 The Company shall provide to each Shareholder:

7.1.1 monthly management accounts;

7.1.2 quarterly trading statements to be provided within 30 days of each quarter end;

7.1.3 draft annual accounts, including annual governance statement (or any substitute thereof) to be provided by 15 May in each Financial Year;

7.1.4 final audited annual accounts, including an annual governance statement (or any substitute thereof) to be provided by 15 June in each Financial Year;

7.1.5 copies of Board meeting papers prior to the meeting of the Board to which they relate and minutes of Board meetings twenty (20) days after the relevant Board meeting to which they relate;

7.1.6 copies of annual general meeting minutes twenty (20) days after the relevant Board meeting; and

7.1.7 other information reasonably required by a Shareholder from time to time.

7.2 The Company shall provide the reports set out in clause 7.1 above in accordance with each Shareholder's accounting policies as updated from time to time.

7.3 Each Shareholder and its authorised representatives (including internal and external auditors and other inspection bodies) may at any time by notice in writing to the Company request access to any accounting or other records or information of the Company. The Company shall comply with any request for access so received as soon as reasonably practicable following receipt of such notice, including providing copies of any records or information where the same have been so requested.

8 TRANSFER OF SHARES

- 8.1 ~~Subject to the provisions of clause 9.3, n~~No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share in the capital of the Company without the prior unanimous written consent of all other Shareholders.
- 8.2 The transfer of shares in the capital of the Company by a Shareholder to a prospective Shareholder shall be subject to the Shareholder transferring all its shares in the Company and the prospective Shareholder signing a Deed of Adherence prior to such transfer.
- 8.3 In the event that a Shareholder ("Departing Shareholder") proposes to transfer its shares in the capital of the Company to a prospective Shareholder ("Receiving Shareholder") (~~"Departing Shareholder"~~) the Departing Shareholder shall:
- 8.3.1 notify the Company six (6) months prior to such proposed transfer date;
 - 8.3.2 use its reasonable endeavours to procure that its rights and obligations under the Trading Company Contract of which it is a party are transferred to the remaining Shareholders as agreed unanimously by the remaining Shareholders;
 - 8.3.3 execute and deliver a stock transfer form to transfer such shares.
- 8.4 In the event that a Shareholder wishes to cease being a Shareholder and such Shareholder does not wish to or cannot transfer his shares to a prospective Shareholder, such Shareholder shall:
- 8.4.1 notify the Company six (6) months prior to the date on which he wishes to cease being a Shareholder;
 - 8.4.2 use its reasonable endeavours to procure that its rights and obligations under the Trading Company to which it is a party Contract are transferred to the remaining Shareholders as agreed unanimously by the remaining Shareholders;
 - 8.4.3 execute and deliver a stock transfer form to transfer all shares it holds in the Company to one of the continuing Shareholders, as nominated to the Shareholder by the Company ("Recipient Shareholder"), at the price of £1 per share.

9 ISSUE OF FURTHER SHARES

- 9.1 Subject to clause 9.3, the Company may only issue further shares with ~~the prior unanimous approval of all~~ Shareholders Unanimous Approval.
- 9.2 The issuing of shares in the capital of the Company to a new Shareholder shall be subject to the prospective Shareholder signing a Deed of Adherence.
- 9.3 Upon a Shareholder transferring its shares in accordance with clause 8.3 ~~or 8.4~~, the company shall issue all the Departing Shareholder's shares to the Receiving Shareholder or if there is unanimous approval of all Shareholders except the Departing Shareholder to transfer fewer of the Departing Shareholder's share to the

~~Receiving Shareholder the Company shall transfer the lower number of shares to the Receiving Shareholder and transfer the remaining Departing Shareholder's shares to the other Shareholders in proportion to the their existing shareholdings.~~

Comment [JG9]: Proposal to make the situation clearer regarding the transfer of a shareholder's share to a new shareholder

~~9.4 Upon a Shareholder transferring its shares in accordance with clause 8.4, the Company shall issue such number of new shares to the Shareholders in proportion to the their existing shareholdings. Shareholders as is necessary to ensure that each Shareholder holds a percentage of the registered shares and weighted voting rights in the Company in proportion to the actual number of CCTV cameras each Shareholder is providing for business use by the Company.~~

Comment [JG10]: Proposed clarification of wording. Of note, retains the split in share but also accommodate unanimous voting

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9.4 The Shareholders and the Company acknowledge that the allocation of Shares in ~~the Company is determined by the Articles of Association of the Company. Schedule 3 of this Shareholder Agreement reserves for the Shareholders any matters regarding amendments to shareholdings. Any Shareholder believing there is a Material Shareholding Matter may seek a review of the apportionment and a determination of the terms of a reapportionment. If Unanimous Shareholder Approval is granted to amend the relative proportion of shares, clause 6.2 reflects the number of CCTV cameras each Shareholder is providing for business use by the Company. Each year, the Company and Shareholders shall review the number of CCTV cameras each Shareholder is providing for business use by the Company. In the event that there is a Material Increase or Decrease in such number, then the Company shall issue new shares shall be issued to the Shareholders (as applicable) to achieve the new apportionment and amend the Articles of Association to reflect the new apportionment~~ an extent to ensure that the percentages of registered shares and weighted voting rights, as set out in clause 6.2, are changed to reflect the actual number of CCTV cameras each Shareholder is providing for business use by the Company.

Comment [JG11]: If the partners' cameras are no longer managed by the company, the link between the proportion of cameras managed and the number of shares falls away. Therefore, it is here proposed the any shareholder may seek a consideration of reapportionment if there is a Material Shareholding Matter – see defined terms

Comment [JG12]: Introduces the explicit requirement for the company to amend the articles in line with a reapportionment of shares

~~9.5 In the event that the percentages of registered shares and weighted voting rights is varied pursuant to clause 9.3 and 9.4, a deed of variation shall be executed by all Shareholders in order to substitute clause 6.2 for a clause setting out the new allocation of registered shares and weighted voting rights.~~

Comment [JG13]: As the proposal is that the shareholders agree to unanimous decision-making on all matters, this clause falls away

10 DISTRIBUTIONS AND LIABILITIES OF SHAREHOLDERS

10.1 The parties agree that the Company shall not make any dividends or distributions of assets to the Shareholders in relation to the Business other than in accordance with the Business Plan and Articles.

10.2 Any such distribution of dividends or assets shall be made in accordance with the ~~weightings for Shareholder voting, and~~ percentage share allocations, ~~as set out in clause 6.2~~ as set out in the Articles of Association.

Comment [JG14]: Links the dividend distribution more clearly the shareholdings

10.3 Any repayment of borrowing or liabilities of the Shareholders shall be allocated between the Shareholders in accordance with the ~~weightings for Shareholder voting, and~~ percentage share allocations, as set out in ~~clause 6.2~~ the Articles of Association.

Comment [JG15]: As above

11 TERMINATION

11.1 Subject to the provisions of clause 11.4, the provisions of this Agreement shall continue in force until the Shareholders agree in writing to terminate it.

- 11.2 This Agreement shall, unless the Shareholders otherwise agree, automatically terminate on the first to occur of the following dates:
- 11.2.1 the effective date of a winding up of the Company; or
 - 11.2.2 the date on which the Company is owned by a single Shareholder;
- 11.3 At the point at which a Shareholder ceases to hold a share in the Company that Shareholder's position as a contracting party to this Agreement shall terminate.
- 11.4 Termination of this Agreement in respect of any Shareholder for whatsoever reason shall not affect any accrued rights or liabilities of any person or any liability or obligation arising under or pursuant to the Articles or any other agreement or arrangement between any of the parties hereto and save where this Agreement expressly provides to the contrary, affect the provisions of:

- 11.4.1 Clause 1 (Definitions and Interpretation);
- 11.4.2 this Clause 11 (Termination);
- 11.4.3 Clause 16 (Assignment and Subcontracting);
- 11.4.4 Clause 18 (Remedies and Waivers);
- 11.4.5 Clause 19 (Entire Agreement);
- 11.4.6 Clause 21 (Conflict with the Articles);
- 11.4.7 Clause 22 (Severance);
- 11.4.8 Clause 23 (Confidentiality);
- 11.4.9 Clause 25 (Notices);
- 11.4.10 Clause 26 (Costs and Expenses);
- 11.4.11 Clause 27 (Set-off);
- 11.4.12 Clause 28 (No Partnership or Agency);
- 11.4.13 Clause 29 (Counterparts); and
- 11.4.14 Clause 31 (Governing Law and Jurisdiction),

which shall continue in full force and effect after termination.

- 11.5 Where the Company is to be wound up and its assets distributed, the parties shall agree a suitable basis for dealing with the interests and assets of the Company and shall endeavour to ensure that:
 - 11.5.1 all existing contracts of the Company are performed to the extent that there are sufficient resources;
 - 11.5.2 the Company shall not enter into any new contractual obligations;
 - 11.5.3 the Company is dissolved and its assets are distributed as soon as practical;
 - 11.5.4 any Intellectual Property and Confidential Business Information belonging to or originating from a party shall be returned to it by the other parties or the Company and all such Intellectual Property and Confidential Business Information shall be erased from the computer systems (to the extent possible) of the Company and the party who is returning it; and
 - 11.5.5 provision is made for such services to be instead provided as agreed by the Shareholders.
- 11.6 Where any party is required by any law, regulation or governmental or regulatory authority to retain any information (or copies of such information) of the other parties

or the Company, it shall notify the other party in writing of such retention giving details of the information that it has been required to retain.

12 DISPUTES

- 12.1 For the purposes of this Agreement, a dispute shall have occurred when any of the following events occur:
- 12.1.1 the Shareholders by reason of a disagreement between themselves are unable to approve any of the following decisions within ten (10) Working Days of the date on which the matter for decision was first presented to them:
 - 12.1.1.1 the approval and acceptance of a Business Plan, presented to the Shareholders by the Company; or
 - 12.1.1.2 the approval of a Reserved Matter; or
 - 12.1.2 any one or more Shareholders (Non-Defaulting Member(s)) notify/ies a Member (Defaulting Member) that they believe the Defaulting Member to be in material breach of this Agreement.
- 12.2 Save where (and to the extent) provided otherwise in this Agreement, any dispute shall be resolved in accordance with Part 1 (Escalation), Part 2 (Mediation) and Part 3 (Arbitration) of Schedule 5 (dispute resolution procedure).

13 ENFORCEMENT OF THE COMPANY'S RIGHTS

- 13.1 The Company undertakes with the Non-Defaulting Shareholders that if any Defaulting Shareholder or any person connected with any such Shareholder is in material breach of any obligation which the Defaulting Shareholder owes to the Company (whether under this Agreement, or otherwise) or has misapplied or retained or become liable or accountable for any money or property of the Company or any subsidiary of the Company from time to time, or has been guilty of any misfeasance or breach of fiduciary or other duty in relation to the Company or any such subsidiary or is under any obligation to indemnify the Company or any such subsidiary against any liability, the prosecution of any right of action of the Company or any such subsidiary in respect thereof shall be passed to the Directors of the Non-Defaulting Shareholders who shall have full authority to negotiate, litigate and settle any claim arising therefrom and the Defaulting Shareholder shall take all steps within its power to give effect to the provisions of this clause 13.1.

14 UNLAWFUL FETTER ON THE COMPANY'S POWERS

- 14.1 Notwithstanding any other provision contained in this Agreement the Company shall not be bound by any provision of this Agreement to the extent that it would constitute an unlawful fetter on any statutory power of the Company, but any such provision shall remain valid and binding as regards all other parties to which it is expressed to apply.

15 WARRANTIES

- 15.1 Each Shareholder warrants to the other Shareholders and to the Company that it has full power and authority to enter into and perform this Agreement and all other

agreements or documents which it is required to enter into pursuant to this Agreement and such other agreements and documents will when executed constitute, binding obligations of such Shareholder.

16 ASSIGNMENT AND SUB-CONTRACTING

- 16.1 This Agreement is personal to the parties and neither party shall assign, transfer, subcontract or deal in any other manner with any of its rights and obligations under this Agreement. Each party hereby undertakes and represents to the other parties that it is entering into this Agreement only for its own benefit.
- 16.2 This Agreement shall be binding on and shall endure for the benefit of each party's successors.

17 FURTHER ASSURANCE

- 17.1 The parties shall agree a communications protocol from incorporation of the company and prior to commencement of service delivery to Shareholders.
- 17.2 Each party shall at its own cost and expense, on being required to do so by another party now or at any time in the future, do or procure the doing of all such acts and things and/or execute or procure the execution of all such deeds and documents in a form satisfactory to such other party which such other party may reasonably consider necessary for giving effect to this Agreement.

18 REMEDIES AND WAIVERS

- 18.1 No delay by any party in exercising, or failure by any party to exercise, any right, power or remedy provided by law or under this Agreement or any document referred to in it shall:
- 18.1.1 operate as a waiver of that or any other right, power or remedy; or
 - 18.1.2 affect the other terms of this Agreement or any document referred to in it.
- 18.2 The single or partial exercise of any right, power or remedy provided by law or under this Agreement or any document referred to in it shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 18.3 A waiver of any breach of or default under this Agreement or any document referred to in it shall not constitute a waiver of any other breach or default and will not prevent a party from subsequently requiring compliance with the waived obligation.
- 18.4 The rights, powers and remedies provided in this Agreement or any document referred to in it are in addition to and (subject as otherwise provided in this Agreement) not exclusive of any rights, powers and remedies provided by law.

19 ENTIRE AGREEMENT

- 19.1 This Agreement and the documents referred to in it (including the Articles and any Deed of Adherence) constitute the entire agreement between the parties relating to the Company and supersede all previous agreements between the parties relating to such matters.

19.2 Each of the parties acknowledges that in agreeing to enter into this Agreement it has not relied on any representation, warranty, collateral contract or other assurance (except those set out in this Agreement and/or the documents referred to in it) made by or on behalf of any other party before the signature of this Agreement. Each of the parties waives:

19.2.1 all rights and remedies which, but for this clause 19.2, might otherwise be available to it in respect of any such representation, warranty, collateral contract or other assurance; and

19.2.2 all rights and remedies, other than remedies for breach of contract available in respect of a breach of this Agreement and/or the documents referred to in it, which, but for this clause 19.2, might otherwise be available to it in respect of the falsity of any representation or warranty set out in this Agreement and/or the documents referred to in it,

provided that nothing in this clause 19.2 shall limit or exclude any liability for fraud or dishonesty on the part of any party.

20 VARIATION

20.1 No variation to the terms of this Agreement shall be effective unless made in writing and signed by each of the parties and any person who agrees to be bound by this Agreement.

21 CONFLICT WITH THE ARTICLES

21.1 If any provision of this Agreement is inconsistent with a provision of the Articles, then the terms of this Agreement shall prevail and the Shareholders agree to procure the making of any amendment to the Articles at the next general meeting of the Company required in order to make them consistent with the provisions of this Agreement.

22 SEVERANCE

22.1 If any provision of this Agreement shall be found by any court or administrative body of competent jurisdiction to be invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Agreement which shall remain in full force and effect.

22.2 Without prejudice to the generality of clause 22.1, if any provision of this Agreement or the Articles shall be found by any court or administrative body of competent jurisdiction to be unenforceable against or by the Company, the Shareholders shall procure that the provision is nevertheless put into effect to the greatest extent possible.

22.3 If any provision of this Agreement is found to be invalid or unenforceable but would be valid or enforceable if some part of the provision were deleted, the provision in question shall apply with such deletions as may be necessary to make it valid or enforceable.

22.4 The parties agree, in the circumstances referred to in clause 22.1 and if clause 22.3 does not apply, to attempt to substitute for any invalid or unenforceable provision a valid or enforceable provision which achieves to the greatest extent possible the

same effect as would have been achieved by the invalid or unenforceable provision but for such invalidity or unenforceability.

23 CONFIDENTIALITY

- 23.1 Each Shareholder undertakes that it will not at any time on or after the date of this Agreement use or disclose to any person, except in the proper course of its duties as a local authority any Confidential Business Information which may have or may in future come to its knowledge, provided that a Shareholder may share such information:
- 23.1.1 with its professional advisers or to those of its directors, Shareholders, officers, employees, advisers and representatives who are directly concerned with the Company (or any subsidiary of the Company from time to time) or the Business; or
 - 23.1.2 as may be required by any applicable law or by any supervisory or regulatory body with whose rules it is necessary for that party to comply; or
 - 23.1.3 in connection with any proceedings arising out of or in connection with this Agreement,
 - 23.1.4 once it enters the public domain otherwise than by reason of a breach of this clause 23.1;
- 23.2 Each Shareholder shall use its reasonable endeavours to prevent the use or disclosure of any Confidential Business Information otherwise than in accordance with this clause 23.
- 23.3 Notwithstanding the restrictions in clauses 23.1, each Shareholder may use Confidential Business Information for the purpose of the promotion of the Business and the existence of the association between the Shareholders in connection with their participation in the Business can be divulged in the interests of the promotion of the Business.
- 23.4 Each Director shall be entitled to disclose to the Shareholder who appointed him all information to which such Shareholder is entitled pursuant to clause 7.2 from time to time.
- 23.5 Each Shareholder shall use its reasonable endeavours to procure that any of its elected members of councillors, directors, officers, employees, advisers and representatives coming into receipt of Confidential Business Information shall be informed upon receipt that such information is confidential and (so far as such Shareholder is able to procure the same) shall comply with the provisions of this clause 23.5 in respect of such Confidential Business Information as if they were Shareholders.

- 23.6 Any decision by the Company to offer any Services that may be subject to the Regulation of Investigatory Powers Act 2000 and any associated secondary legislation or statutory guidance is subject to the prior approval of the Shareholders as to the policy, practices and procedures to be followed in offering such Services.
- 25.7 The Shareholders and the Company acknowledge that the Company may be subject to the requirements of the Data Protection Act 1998 ("Act") and will ensure that the Company is managed strictly in compliance with all requirements of the Act. In this respect, all Service Contracts will incorporate provisions to ensure compliance with the Act and allocate responsibilities accordingly.

24 FREEDOM OF INFORMATION

- 24.1 The Shareholders and the Company acknowledge that the Shareholders are subject to the requirements of the FOIA and the EIR and the Shareholders and the Company shall, where reasonable, assist and co-operate (at their own expense) with the Shareholder receiving the request for information to enable the Shareholder to comply with these information disclosure obligations.
- 24.2 Where the Company receives a request for information under either the FOIA or the EIR in relation to information which it is holding on behalf of a Shareholder in relation to the joint arrangements, it shall:
- 24.2.1 transfer the request for information to the Shareholder as soon as practicable after receipt and in any event within two (2) Working Days of receiving a request for information;
 - 24.2.2 provide the Shareholder with a copy of all information in its possession or power in the form that the Shareholder requires within ten (10) Working Days (or such longer period as the Shareholder may specify) of the Shareholder requesting that information; and
 - 24.2.3 provide all necessary assistance as reasonably requested by the Shareholder to enable the Shareholder to respond to a request for information within the time for compliance set out in the FOIA or the EIR.
- 24.3 Where a Shareholder receives a request under FOIA or EIR which relates to the operations of the Company, it shall notify the other Shareholders and afford them an opportunity to make any comments or representations in respect of the disclosure of the information sought. The other Shareholders shall respond within five (5) Working Days of receipt of this notification. The Shareholder responding to the request shall take into account any such comments or representations in so doing and shall not respond to the request until the 5 day response period referred to above has passed.

25 NOTICES

- 25.1 Any notice or other communication to be served under this Agreement shall be delivered or sent by first class post or electronic communication to the party to be served at its address or email address as set out in Schedule 4 or in any Deed of Adherence (as the case may be).

25.2 Subject to clause 25.3 and in the absence of earlier receipt, any notice or communication shall be deemed to have been served:

25.2.1 if delivered personally, at the time of delivery;

25.2.2 if sent by first class post, two (2) Working Days after the date of posting; and

25.2.3 if sent by email, forty eight (48) hours after the time of sending

25.3 Any notice or communication served under this Agreement outside Working Hours in the place to which it is addressed shall be deemed not to have been served until the start of the next period of Working Hours in such place.

25.4 In proving service of a notice or communication, it shall be sufficient to prove that delivery was made or that the envelope containing the notice or communication was properly addressed and posted as a prepaid first class letter or in the case of electronic communication, that it was sent in accordance with the guidance issued by the Institute of Chartered Secretaries and Administrators.

26 COSTS AND EXPENSES

26.1 Subject to clause 26.2, all costs and expenses in relation to the negotiation, preparation, execution and carrying into effect of this Agreement and all other documents referred to in it shall be borne by Stevenage Borough Council, save for any private advice sought by any Shareholder which shall be for the cost of that Shareholder.

26.2 All costs and expenses in relation to the incorporation of the Company shall be borne by the Shareholders in proportion to the actual number of CCTV cameras each Shareholder is providing for business use by the Company.

27 SET-OFF

27.1 All amounts falling due under this Agreement shall be paid in full without any set-off or counterclaim.

28 NO PARTNERSHIP OR AGENCY

28.1 Nothing in this Agreement is intended to or shall operate to create a partnership between the parties or any of them, or to authorise any party to act as agent for any other party, and no party shall have authority to act in the name or on behalf of or otherwise to bind any other party in any way.

29 COUNTERPARTS

29.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each person who is a party at the date hereof has executed at least one counterpart.

29.2 Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute but one and the same instrument.

30 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

30.1 The parties to this Agreement do not intend that any of its terms should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Agreement.

31 GOVERNING LAW AND JURISDICTION

31.1 This Agreement is governed by and shall be construed in accordance with the laws of England and each party submits to the exclusive jurisdiction of the courts of England for all purposes relating to this Agreement.

31.2 Each party irrevocably consents to any process in any legal action or proceedings arising out of or in connection with this Agreement being served on it in accordance with the provisions of clause 25. Nothing contained in this Agreement shall affect the right to serve process in any other manner permitted by law.

AS WITNESS the hands of the parties or their duly authorised representatives the day and year first before written

**THE COMMON SEAL OF
NORTH HERTFORDSHIRE
DISTRICT COUNCIL** affixed in the
presence of:

.....
Authorised Signatory

**THE COMMON SEAL OF
EAST HERTFORDSHIRE
DISTRICT COUNCIL**
affixed in the presence of:

.....
Authorised Signatory

**THE COMMON SEAL OF
STEVENAGE BOROUGH COUNCIL**
affixed in the presence of:

.....
Authorised Signatory

**THE COMMON SEAL OF
HERTSMERE BOROUGH COUNCIL**

affixed in the presence of:

.....

Authorised Signatory

Signed by

a director for and on behalf of

HERTFORDSHIRE CCTV PARTNERSHIP LTD

SCHEDULE 1 - PARTICULARS OF THE COMPANY

1. Registered number: 9295528
2. Date of incorporation: 4th November 2014
3. Place of incorporation: England and Wales
4. Class of company: Private company limited by shares
5. Registered office: Daneshill House, Danestrete, Stevenage, Herts SG1 1HN
6. Accounting reference date: 31st March

SCHEDULE 2 - DEED OF ADHERENCE

THIS DEED is made on [] 20[]

BY [] of [] (the "Covenantor") in favour of the persons whose names are set out in the schedule to this deed and is SUPPLEMENTAL to the Shareholders' Agreement dated [] 20[] made by (1) [], (2) [], (3) [], (4) [] and (5) [] Limited (company number: []) (the "Shareholders' Agreement")

THIS DEED WITNESSES as follows:

- 1. The Covenantor confirms that it has been given and read a copy of the Shareholders' Agreement and covenants with each person named in the schedule to this deed to perform and be bound by all the terms of the Shareholders' Agreement, [except Clauses [] and [],] as if the Covenantor were a Shareholder who is party to the Shareholders' Agreement.
- 2. This deed is governed by the laws of England and Wales.

IN WITNESS WHEREOF this deed has been executed by the Covenantor and is intended to be and is hereby delivered on the date first above written.

THE COMMON SEAL of

[]
was affixed to this deed
in the presence of:

[affix common seal here]

.....
[Authorised signatory]

.....
[Authorised signatory]

SCHEDULE 3 - RESERVED MATTERS

All Reserved Matters shall be considered at a general meeting of the Company and shall only be effective if approved unanimously by the Shareholders.

The following matters are Reserved Matters unless (where relevant) they have been approved in advance by the Shareholders under the Business Plan:

- 1 Varying in any respect the Articles or the rights attaching to any of the shares in the Company.
- 2 Permitting the registration of any additional Shareholder of the Company.
- 3 Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent).
- ~~4~~ Forming any subsidiary or acquiring shares in any other company or participating in any partnership or joint venture (incorporated or not).
- ~~4~~
- ~~5~~
- ~~6~~ Amalgamating or merging with any other company or business undertaking.
- ~~5~~
- ~~7~~
- ~~6~~ ~~Entering into any arrangement, contract or transaction with either a capital or revenue value over £1 million.~~ The execution, modification, termination or renewal of any agreement, arrangement or transaction between the Company or any Subsidiary Undertaking of the Company and any third party which:
 - has an annual contract value in excess of [£100,000] (or the equivalent amount in any other currency); or
 - has an effective term which exceeds six months (unless the annual contract value is less than [£100,000]); or
 - is outside the ordinary course of the Company's business or is otherwise there on arm's length terms; or
 - is a transaction or arrangement with the Shareholder or any Director or any person who is connected (within the meaning of section 1122 of the Corporation Tax Act 2010) to the Shareholder or any Director; or
 - grants any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company
- ~~87~~ Increasing, reducing, sub-dividing, consolidating, re-denominating, cancelling, purchasing or redeeming any of the capital of, or allotting or issuing any shares or other securities in the capital of, the Company.
- ~~98~~ Altering any rights attaching to any class of share in the capital of the Company, or creating any option, warrant or any other right to acquire or subscribe for any shares or other securities in the capital of the Company.
- ~~109~~ The sale, transfer, assignment, pledge, charge or other disposal of any share or any interest in any share in the capital of the Company.

Comment [JG16]: Officers believe that delegation to the company directors of decision-making on contracts / transaction of up to £1m is too high a threshold; £100,000 is proposed but members' views are sought on this

Comment [JG17]: Proposal to make more explicit what matters are reserved for shareholders regarding the company's contracts and transactions

4410 Appointing or removing a chairman of the board of directors.

- 11 Approval and/or a ~~Adoption of or amending~~ the Business Plan or annual budget or any variation of the Business Plan or annual budget from time to time. This includes any matters related to the retention, distribution or capitalisation of the Company's profits.
- 12 The incurring of any borrowings or other indebtedness (other than normal trade credit) or the giving of any guarantees.
- 13 The approval of the annual audited accounts of the Company.
- 14 The grant of any pension rights to any director, employee, former director or employee, or any member of such person's family.
- 15 The dismissal of any Director, officer or employee in circumstances in which the Company or any Subsidiary Undertaking of the Company incurs or agrees to bear redundancy or other costs in excess of £5,000 in total.
- 16 The remuneration (by payment of fees, the provision of benefits-in-kind or otherwise) of any officer of or consultant to the Company or any Subsidiary Undertaking of the Company at a rate in excess of £20,000 per annum or the increase in remuneration of any such person to a rate in excess of £20,000 per annum.
- 17 The institution, settlement or compromise of any material legal proceedings (other than debt recovery proceedings in the ordinary course of business) instituted or threatened against the Company or any Subsidiary Undertaking of the Company of the submission to arbitration or any dispute involving the Company or any Subsidiary Undertaking of the Company.
- 18 Transactions between the Company and any Shareholder or a Shareholder's Associates where a pecuniary or other financial interest would arise other than circumstances where such an interest directly relates to the Company providing a CCTV management service for that Shareholder or the Shareholder's Associates.

Comment [JG18]: Proposal to reserve for shareholders variations to the business plan

Comment [JG19]: Proposal to reserve for the shareholders any matters relating to the company borrowing or incurring indebtedness (other than normal trade credit)

Comment [JG20]: Proposal to explicit make approval of accounts a matter for the shareholders

Comment [JG21]: Proposal to extend reserved matters relating to remuneration of officers of the company

Comment [JG22]: As above

Comment [JG23]: As above

Comment [JG24]: As above

Comment [JG25]: Proposal to reserve for shareholders decision on transactions between the company and individual shareholders, other than where the company is providing CCTV management services to a particular shareholder

SCHEDULE 4 - CONTACT DETAILS

North Hertfordshire District Council

Address: Council Offices, Gernon Road, Letchworth Garden City, Hertfordshire SG6 3JF
For the attention of: David Scholes
Email address: david.scholes@north-herts.gov.uk

East Hertfordshire District Council

Address: Wallfields, Pegs Lane, Hertford SG13 8EQ
For the attention of: Simon Drinkwater
Email address: Simon.Drinkwater@eastherts.gov.uk

Stevenage Borough Council

Address: Daneshill House, Danestrete, Stevenage, Hertfordshire SG1 1HN
For the attention of: Peter Bandy
Email address: peter.bandy@stevenage.gov.uk

Hertsmere Borough Council

Address: Civic Offices, Elstree Way, Borehamwood, Hertfordshire WD6 1WA
For the attention of: Glen Wooldridge
Email address: Glen.Wooldrige@hertsmere.gov.uk

or, in each case, such other address as may be notified by the relevant party to the other parties from time to time.

SCHEDULE 5 - DISPUTE RESOLUTION PROCEDURE

PART 1 - ESCALATION

1 APPLICATION OF PART 1

This Part 1 applies to any dispute.

2 ESCALATION PROCEDURES

- 2.1 The Shareholders shall use all reasonable endeavours to resolve the dispute on an amicable basis within fifteen (15) Working Days of the same arising (the first day of that 15 Working Day period being the first Working Day after any Member has given notice in writing to the other Shareholders stating that, in its belief, a dispute has arisen) (such period being the **Member Resolution Period**).
- 2.2 If the Shareholders have not resolved the dispute prior to the expiry of the Member Resolution Period, the **Senior Representatives** (being the senior representative of each Member with the authority to settle the dispute) shall meet in good faith in an effort to resolve the dispute.
- 2.3 If the Senior Representatives have resolved the dispute within fifteen (15) Working Days of the expiry of the Member Resolution Period (the **Senior Representatives Resolution Period**) (the first day of that 15 Working Day period being the first Working Day after the expiry of the Member Resolution Period), they shall issue a joint written statement to the Shareholders informing the Shareholders of their decision. The Shareholders shall be bound by that decision.

PART 2 - MEDIATION

3 APPLICATION OF PART 2

This Part 2 shall apply if:

- 3.1 the dispute is one which this Agreement states may be resolved by means of mediation;
- 3.2 the Senior Representatives have not resolved the dispute prior to the expiry of the Senior Representatives Resolution Period in accordance with Part 1; and
- 3.3 any Member which is a party to the dispute serves a notice in writing on the other Member referring the dispute to mediation (a **Mediation Referral Notice**) within 15 Working Days of the expiry of the Senior Representatives Resolution Period (the first day of that 15 Working Day period being the first Working Day after the expiry of the Senior Representatives Resolution Period).

4 MEDIATION

- 4.1 On the service of a Mediation Referral Notice, the Shareholders shall jointly appoint a mediator to mediate the dispute, the cost of which shall be borne by the Company.
- 4.2 If:
 - 4.2.1 the Shareholders do not agree on the appointment of a mediator under paragraph 2.1 within fifteen (15) Working Days of service of the Mediation

Referral Notice (the first day of that 15 Working Day period being the first Working Day after the service of the Mediation Referral Notice); or

4.2.2 the person appointed or to be appointed is unable or unwilling to act,

the mediator shall be appointed by the Chief Executive for the time being of CEDR following a request made by any Member to the Chief Executive for that purpose.

- 4.3 The mediation shall be conducted in London in the English language in accordance with the then current CEDR Model Mediation Procedure, which is deemed to be incorporated in this Agreement.
- 4.4 If an agreement is reached on the dispute during the mediation, that agreement shall be reduced to writing and, once signed by the parties to the dispute, shall be binding on all parties.
- 4.5 Unless concluded with a written legally binding agreement, the mediation shall be concluded in confidence and without prejudice to the rights of any of the parties in any further Proceedings.

PART 3 - ARBITRATION

5 APPLICATION OF PART 3

This Part 3 shall apply if:

- 5.1 the dispute is one which this Agreement states may be resolved by means of arbitration;
- 5.2 either:
- 5.2.1 no Mediation Referral Notice is served in accordance with Part 2; or
- 5.2.2 a Mediation Referral Notice is served in accordance with Part 2, but the dispute is not settled within forty (40) Working Days after the appointment of the mediator (the first day of that 40 Working Day period being the first Working Day after the day on which the mediator is appointed) (the **Mediator Resolution Period**); and
- 5.2.3 any Member which is a party to the dispute serves a notice in writing on the other Shareholders which are also parties to the dispute referring the dispute to arbitration in accordance with the International Court of International Arbitration (an **Arbitration Referral Notice**).

6 ARBITRATION

- 6.1 The arbitration shall be governed by the provisions of the Arbitration Act 1996.
- 6.2 The procedural rules of the London Court of International Arbitration in force as at the date on which the Arbitration Referral Notice was served shall be applied and are deemed to be incorporated into this Agreement by reference.
- 6.3 The tribunal shall consist of a sole arbitrator.
- 6.4 On the service of an Arbitration Referral Notice, the Shareholders shall jointly appoint an arbitrator to arbitrate the dispute, the cost of which shall be borne by the Company.

- 6.5 If:
- 6.5.1 the Shareholders do not agree on the appointment of an arbitrator under paragraph 2.1 within fifteen (15) Working Days of service of the Arbitration Referral Notice (the first day of that 15 Working Day period being the first Working Day after the service of the Arbitration Referral Notice); or
 - 6.5.2 the person appointed or to be appointed is unable or unwilling to act,
 - 6.5.3 the arbitrator shall be appointed by the President or Vice President of the Chartered Institute of Arbitrators following a request made by any Member to the President or Vice President for that purpose.
- 6.6 The decision of the arbitrator shall be binding on all parties in the absence of manifest error or fraud.
- 6.7 The arbitration proceedings shall take place in London and in the English language.
- 6.8 The arbitration proceeding shall be governed by English law.

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EAST HERTS COUNCIL

CCTV JOINT EXECUTIVE – 5 JUNE 2019

REPORT BY ASSISTANT DIRECTOR – COMMUNITIES AND
NEIGHBOURHOODS, STEVENAGE BOROUGH COUNCIL

CCTV GOVERNANCE REVIEW

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- Following the decision of the Joint Executive in January the report summarises the cost benefit analysis undertaken to reassign partner-owned cameras from Hertfordshire CCTV Ltd to the CCTV Partnership.
- The report outlines the financial impacts on both the company and partnership and considers associated legal implications.
- The report recommends that members give further consideration to the growth potential for the CCTV service and associated implications for the partnership and company.

RECOMMENDATIONS FOR THE CCTV JOINT EXECUTIVE: That members:

(A)	approve the reassignment of partner-owned cameras to the CCTV Partnership
(B)	request further analysis of pricing structures by camera type and usage of control room capacity to facilitate negotiations on a revised charging model between the partnership and the company
(C)	request a presentation from the Directors of Hertfordshire CCTV Ltd on a Business Plan for the company moving forwards.

1.0 Background

1.1 The CCTV Joint Executive commissioned a governance review of the partnership in 2018. The review started with an internal audit undertaken by the Shared Internal Audit Service (SIAS). This led to a number of recommendations to which members will also receive a report at the April meeting. Following the presentation of the SIAS report in October 2018, executive members approved for the next stage of the governance review to consider the cost effectiveness of current charging arrangements, particularly with regards to partner-owned cameras. Linked to this were discussions around the future commercial and growth potentials for CCTV and any associated legal implications for future delivery.

2.0 Report

The existing structure and current legal advice

2.1 The current arrangements for CCTV, followed legal advice in 2014/15 recommending that a company was required to accommodate the growth in commercial clients. It was agreed by the partner councils that existing core cameras would continue to be managed through the partnership, with new contracts and requests for new cameras provided through the company.

2.2 In spite of losing two commercial retail contracts in 2017/18 the company has grown to service 31 contracts with external bodies, many of which are in the public sector, such as Schools and Parish and Town Councils.

2.3 Legal advice has since been sought to ascertain whether a company is still required, given the current profile of clients. The Local Authority (Goods and Services) Act 1970 makes provision for councils to trade with other public bodies, which include Schools (including Academies) and Parish and Town Councils. Councils are also able to provide services for other clients, but these services must not be profit making and can only cover appropriate costs. If trading for profit, the Localism Act 2011 requires this to be done through a company.

2.4 Based on this advice it is legally possible to reassign all camera contracts to the partnership, regardless of who the client is and effectively close the company, however it is the view of the Officer Management Board that in making this decision without due regard to the growth potential of the CCTV market, limits opportunities for future profit from the commercial sector and external clients. It will also limit the amounts that can be charged for existing cameras which would need to be charged based on a “cost recovery” model. This is outlined in the following financial section.

Financial analysis

2.5 The CCTV service currently monitors a total of 417 cameras, which includes all partner councils and 31 external clients. Of the total cost incurred by Stevenage Borough Council in providing this service, costs are then allocated to the company on an assumed allocation of monitoring activity and associated overheads of 52%. Staff and maintenance charges are allocated based on assumed time allocations and client contract requirements.

2.6 Based on the original camera share percentage at the time of the inception of the company, the 2019/20 forecasted partnership costs are divided as follows:

Partnership Costs		
Stevenage	37%	£147,478
North Herts	28%	£109,419
East Herts	22%	£85,633
Hertsmere	14%	£54,710

2.7 In addition to these costs partners are charged through the company for the new cameras they have commissioned since 2015.

2.8 The table below outlines the full costs to all partners for CCTV provision for 2019/20. It assumes a dividend is returned to each partner, based on a forecasted profit share of £11,202 from the company. The decision of dividend payments sits

with the Shareholders via the Shareholder representatives.

CCTV control room costs	£714,100		
Less charge to company	-£316,860	some of these charges are <i>met with income from the partners councils</i> for managing non-core cameras	
Residual costs to partners	<u>£397,240</u>		
	Charges to partners for management of core cameras by the partnership and non-core cameras by the company	Company profit after tax available for distribution to partners	TOTAL NET COST TO PARTNERS
Stevenage	£198,908	-£4,159	£194,749
North Herts	£128,379	-£3,086	£125,294
East Herts	£100,043	-£2,415	£97,628
Hertsmere	£57,710	-£1,543	£56,167
TOTAL	£485,040	-£11,202	£473,838

Note: some figures rounded

2.9 In total, the partners are charged £87,800 by the company for monitoring non-core cameras. This £87,800 income to the company contributes to the overall profit of the company. In theory, any surplus the company makes from managing the partners' cameras could simply be returned to the partners as a dividend from the company's profits. The company's profits, however, are subject to corporation tax, therefore, the profits arising from income from the partners is not returned to the partners on a pound-for-pound basis as a proportion is lost to corporation tax. This does not therefore provide the best value for money for the partner councils and questions may be raised as to whether the current arrangements contravene state aid rules.

2.10 The alternative proposed is that the partners' cameras currently managed by the company should be managed by the partnership. As councils are not liable to corporation tax, there will be no tax leakage and so the monies required from each partner council to manage the core and non-core cameras will be less. This is shown in the financial analysis below; the efficiency would be approximately £2,000. Costs charged to the company would reduce to £237,040 as a consequence of managing fewer cameras and thus the company's turnover will

reduce but based on its third party contracts alone it remains profitable and can still distribute dividends (or reinvest the profits should the shareholders prefer).

CCTV control room costs	£714,100		
Less charge to company	-£237,040	all these charges are met with income from third parties alone	
Residual costs to partners	<u>£477,060</u>		
	Charges to partners for management of core cameras by the partnership and non-core cameras by the company	Company profit after tax available for distribution to partners	TOTAL NET COST TO PARTNERS
Stevenage	£195,946	-£1,759	£194,186
North Herts	£126,181	-£1,305	£124,876
East Herts	£98,322	-£1,021	£97,301
Hertsmere	£56,611	-£653	£55,958
TOTAL	£477,060	-£4,739	£472,322

Note: some figures rounded

2.11 Transferring external monitoring contracts into the partnership remains a further option, but this will threaten the viability of the company and the potential for future profit making activities.

Further considerations and future opportunities

2.12 The company currently oversees a number of different types of contract. These range from monitoring only and Schools ADPRO network to full service contracts. The pricing structure for these arrangements varies as does the actual cost of providing these services. Moving forward the basis of recharge will need to be revisited, with a more realistic recharge based on usage of monitoring capacity.

2.13 In conjunction with this the company should try to better ascertain the external market growth potential against the capacity and capability of the CCTV Control Room.

2.14 The longer-term potential of the company will need to be revisited by the Board of Directors, with a clear focus on the external CCTV market. This will need to be reflected in the

company business plan, which partner councils via their shareholder representatives will have the ultimate power to approve or reject.

3.0 Implications/Consultations

- 3.1 The report outlines both legal and financial implications relating to the future arrangements for managing cameras operated by the CCTV control room.
- 3.2 The recommendations of the Officer Board are based on the advice received and reflect the need to provide best value, whilst not limiting the growth potential of the CCTV Service and the viability of the CCTV company.
- 3.3 The Chair of the Board of Directors of the company has been made aware of these considerations and the recommendation of the Officer Board.
- 3.4 Further financial analysis associated with this report can be found within **Essential Reference Paper 'B'**.
- 3.5 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None.

Contact Officer: Rob Gregory – Assistant Director – Communities and Neighbourhoods, Tel: 01438 242568
rob.gregory@stevenage.gov.uk

ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate):</i>	Priority 1: improve the health and wellbeing of our communities – CCTV is a key element of maintaining of community safety Priority 3: enable a flourishing local economy – CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses
Consultation:	Hertfordshire CCTV Ltd's directors have been consulted about the contents of the report as have officers from all partner authorities
Legal:	Report prepared and cleared by Stevenage BC
Financial:	Report prepared and cleared by Stevenage BC
Human Resource:	Not applicable
Risk Management:	Risks will be monitored and managed by the CCTV Officer Management Board
Health and wellbeing – issues and impacts:	CCTV is a key element of maintaining of community safety and CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses

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Essential Reference Paper B

Background

Four Hertfordshire councils have been operating a CCTV partnership for a number of years providing a CCTV monitoring service to the partners, other public bodies and a number of commercial clients. On the 1 April 2015 a new company, **Hertfordshire CCTV Partnership Ltd**, was incorporated to conduct the commercial trading affairs of the CCTV Partnership as at the time the commercial client was a growing proportion of the CCTV monitoring operation and there were concerns regarding the possible breach of Teckal limits. Consideration was made to move the entire camera monitoring operation to the new company, however it was agreed to retain the partnership for the core (existing) cameras of the partnership.

Current Position of Company and Partnership

Based on 2019/20 budgeted assumptions, the CCTV company is forecast to make a profit after tax of £11,202. This includes costs of £8,350 (to cover Accountancy (provided by MHH)/Audit/Banking Fees) and £316,860 for monitoring charges based on 52% apportionment of the monitoring contract). Currently there are a total of 417 cameras which includes, partner "non core" cameras, public bodies such as schools and parishes, and commercial clients.

Company: (based on 19/20 budget)	Total Costs:	£325,210
	Total Income:	-£339,040
	<hr/>	
	Gross Profit:	£13,830
	<hr/>	
	Corp Tax	£2,628
<hr/>		
Net Profit:	£11,202	
<hr/>		
Shared between:		
SBC	£4,159	
NHDC	£3,086	
EH	£2,415	
Hertsmere	£1,543	

Based on 2019/20 budgeted assumptions, the CCTV Partnership residual costs are forecast to be £397,240 and as agreed in the partnership agreement these costs are apportioned to the partners based on the original core camera numbers (same apportionment agreed in the shareholder agreement).

Partnership:	Direct Employee Costs	£98,580
	Other Employee Costs	£10,740
	Rent, Rates Costs	£8,680
	Equip, Tools Costs	£131,190
	Comms & IT Costs	£11,800
	Insurance Costs	£610
	Contractor Costs	£409,190
	Support Service Recharges	£43,310
	Less:	
	Income from HCCTV Ltd	-£316,860
	Total residual costs	£397,240

Shared between:		
SBC	37%	£147,478
NHDC	28%	£109,419
EH	22%	£85,633
Hertsmere	14%	£54,710

Overall, the starting position for the four partners can be seen in the table below:

CCTV control room costs			£714,100			
Less charge to company			-£316,860			
Residual costs to be shared to Partners			£397,240			
		Core cameras		Non-core cameras charged by CCTV Ltd	Profit share from CCTV Ltd	TOTAL NET COST TO PARTNERS
SBC	62	37%	£147,478	£51,430	-£4,159	£194,749
NHDC	46	28%	£109,419	£18,960	-£3,086	£125,294
EH	36	22%	£85,633	£14,410	-£2,415	£97,628
Hertsmere	23	14%	£54,710	£3,000	-£1,543	£56,167
	167		£397,240	£87,800	-£11,202	£473,838

Alternative Option Non-core cameras of partners are brought into the partnership

If non-core cameras are charged via the partnership associated monitoring costs will need to be removed from the company (assumed at £79K). The model assumes that the price paid for the monitoring of non-core cameras remains the same (£87.8K in total). Overall each partner benefits as corporation tax is not paid on the profit arising from the non-core cameras (total tax “saved” £1,516 shared between the partners).

CCTV control room costs		£714,100					
Less charge to company		-£237,040		based on £79K of monitoring costs from non-core cameras stay in partnership			
Charge to partners for non-core cameras		-£87,800					
Residual costs to be shared to Partners		£389,260					
				Profit share from CCTV Ltd		TOTAL NET COST TO PARTNERS	
		Core cameras	Non-core cameras				
SBC	62	37%	£144,516	£51,430	-£1,759	£194,186	
NHDC	46	28%	£107,221	£18,960	-£1,305	£124,876	
EH	36	22%	£83,912	£14,410	-£1,021	£97,301	
Hertsmere	23	14%	£53,611	£3,000	-£653	£55,958	
	167		£389,260	£87,800	-£4,739	£472,322	

Further options –

It is possible to explore further costs models should the partnership propose to remove further public and private sector cameras from the company and bring into the partnership. These models may provide for further efficiencies but will also limit “profit making” from further commercial opportunities.

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EAST HERTS COUNCIL

CCTV JOINT EXECUTIVE – 5 JUNE 2019

REPORT BY CCTV OPERATIONS MANAGER

CCTV OPERATIONS REPORT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

- To inform the CCTV Joint Executive Committee of the progress and operational effectiveness of the Hertfordshire CCTV Partnership Control Room and Cameras.

<u>RECOMMENDATIONS FOR THE JOINT EXECUTIVE COMMITTEE:</u>	
That:	
(A)	The Joint Executive notes the Quarterly Management Report.

1.0 Background

1.1 The CCTV Executive Committee requires updates on quarterly performance and to inform members of up to date information on the CCTV Control Room, the monitoring and maintenance contracts. The committee also need to be assured that no breaches of the RIPA, GDPR, Pace, or the Code of Practice have occurred.

2.0 Report

2.1 The detail relating to the period January-March 2019 is contained in the following Essential Reference Papers:

- **Essential Reference Paper 'B'** - CCTV Operations Manager Report of Control Room performance for January – March 2019
- **Essential Reference Paper 'C'** - Control Room Incidents.
- **Essential Reference Paper 'D'** – Case Studies
- **Essential Reference Paper 'E'** – Reported Faults
- **Essential Reference Paper 'F'** – New Control Room Update

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

Background Papers

None

Contact Officer: Mike Read – CCTV Operations Manager, Tel No: 01438 242814. mike.read@stevenage.gov.uk

ESSENTIAL REFERENCE PAPER 'A'

IMPLICATIONS/CONSULTATIONS

Contribution to the Council's Corporate Priorities/ Objectives <i>(delete as appropriate)</i> :	Priority 1: improve the health and wellbeing of our communities – CCTV is a key element of maintaining of community safety Priority 3: enable a flourishing local economy – CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses
Consultation:	Not applicable
Legal:	Report prepared and cleared by Stevenage BC
Financial:	Report prepared and cleared by Stevenage BC
Human Resource:	Not applicable
Risk Management:	Risks are managed by the CCTV Service provided by Stevenage BC
Health and wellbeing – issues and impacts:	CCTV is a key element of maintaining of community safety and CCTV has distinct benefits in reducing and detecting anti-social and criminal behaviour perpetrated against local shops and other businesses

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**CCTV Operations Manager Report of Control Room Performance for
January – March 2019**

1 Operations

The team looks to ensure that all the Partnership cameras are working to our Operational Standards and review the different makes of cameras and costs. We continue to raise the attention to Council Officers of the need to replace old and beyond economical repair cameras and work closely to ensure these are replaced in a timely fashion. Red Vision have now informed the Partnership that they will no longer be producing analogue systems to and will be going digital. Most of the old "Shoebox" Cameras have been replaced as these were no longer supported 4 years ago. We are currently report 5 working Shoebox cameras and will eventually need to replace these with Red Vision IP cameras. The "Bosch Micky's" also are no longer supported and were reported in last year's Annual Report at 102 – and over the next 12 months we will continue to replace these with Red Vision IP's.

We have had no requests for a RIPA from the Police during this period. We can report that we have had no complaints or breaches in the Data Protection Act/GDPR.

Shop/Pub Watch radio links, which are now digital, continue to be an important role for the Control Room operatives. With its usual increase in shoplifting and night time activities the operatives continue to work closely with the radio users to ensure the security of staff and safety of the general public is made and at the same time in conjunction with the Police to ensure law and order is enforced.

I report that the new Control Room move continues and have attached some pictures and latest report from the contractors of works completed. See Appendix E.

2 Lighting Columns (Ringways)

We have now resolved the issue with the installation of the re deployable mobile cameras on the HCC columns. A Memorandum of Understanding has been agreed by all partners and with Ringways/HCC.

3 Security Industry Authority (SIA) Changes.

The SIA have recently published a statement requesting non-front line SIA licence required for those who manage, supervise and/or employ individuals who engage in licensable activity, as long as front line activity is not carried out. In a local authority, this means that every member of the local authority (i.e. each elected councillor, including the chair and any elected mayor) must be licensed whenever the local authority's employees are carrying out licensable activities.

<https://www.sia.homeoffice.gov.uk/Pages/licensing-local-authority.aspx>

We are currently looking for clarification from the SIA as this will be a huge cost implication. Please see below an email response from the LGA regarding SIA Licensing.

Dear Colleagues

We refer to the above matter and our email of 15 February 2019, following receipt of information from SIA that the PSIA applies to Local Authorities. Thank you for your response. Following the request for legal advice which we offered to procure, we now enclose copy of the opinion of Leading Counsel Andrew Sharland QC.

Leading counsel's opinion is that the Act does apply to local authorities and Councillors fall within the definition of "director" under the Act. This is because local authorities' affairs are managed by their councillors.

Accordingly, it is important for local authorities who provide security services to third parties to ensure that all councillors and individuals who are employed in the provision of the service have appropriate licences and act within the scope of their licenses.

The fee for each licence is £220.

The Secretary of State has the power to grant exemptions from licensing requirement in certain circumstances. The implications of this will be explored over the coming months.

Essential Reference Paper C

Incidents - (January - March 2019)

	SBC	NHDC	EHDC	HERTSMERE
	INCIDENTS	INCIDENTS	INCIDENTS	INCIDENTS
Jan-19	125	51	66	28
Jan-18	123	61	57	38
var	2	-10	9	-10
Feb-19	131	46	59	31
Feb-18	165	58	39	35
var	-34	-12	20	-4
Mar-19	151	71	58	39
Mar-18	127	54	53	43
var	24	17	5	-4
Total - 19	407	168	183	98
Total - 18	415	173	149	116
Var	-8	-5	34	-18

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Essential Reference Paper D

Case Studies

STEVENAGE:

9/3/2019 02:26 Knife/ offensive weapon. One arrested

Male was seen coming out of the rear gate of the Drapers Arms in the Old Town in Stevenage and heading towards Primett Road. Male is seen to have a knife in his right hand. CCTV inform and patched live video to the Police HQ , FCR, to which armed Officers attend. When the male with knife notices the police arriving he discards the knife by throwing it into the shopping trolleys behind Waitrose which was clearly picked up by the CCTV Controller. Police stop and search male. Male is taken away in police car. The Knife was picked up by the Police with the help from the CCTV control room operator.

4/3/2019 00.05 Car chase. One arrested

Controllers heard over Airwaves that two cars were making off from a police unit on Fairlands Way Stevenage. One turned left onto Chells Way the other went straight onto Gresley Way. The police unit followed this car. CCTV Controller picked up the other car as it turned left onto Ferrier Road . Controller then updates FCR via airwaves. Police units attended Ferrier Road and discovered the car crashed and the two occupants have decamped. Area searched but no trace.

HOA that a stolen car was making off from police on Gresley Way Stevenage. The car was heading towards Fairlands Way. Car monitored by the Control Room passing the following cameras 729 720 719 708 722 724 701 723 and 850. The occupants decamped in London. One was arrested but an unknown number fled.

NORTH HERTS:

3/3/2019 23:05 Fire arm offence. One arrested

Heard over Airwaves a report of a fight between three males outside The Three Magnets. Leys Avenue, Letchworth. One of the males was in possession of a hand gun (firearm). Two of the males were wearing grey hoody's, the other male in dark clothing. Controllers were watching the males and camera's patched through to FCR, with a police unit quickly on the scene. Two of the males were walking away from the Pub and were being monitored on camera. A police unit stopped the males and body searches taken place. One male was arrested for carrying a firearm on his person. The gun was tucked into his belt. A firearms unit attended the scene to recover the firearm to make safe.

9/1/2019 00:15 Traffic offences and assault. Two arrested

Controller noticed a couple leave The Three Magnets, Letchworth, staggering before getting into a car. Controllers contacted FCR and patched through. They continued to monitor before leaving line of sight on Norton Way. Heard that the vehicle had been stopped nearby, a female was arrested for drink driving and the male passenger arrested for assault on Police.

EAST HERTS:

13/3/2019 13:35 Trolley push put of Sainsbury's. One arrested

HOA, a male had just tried a trolley push out at Sainsbury's. A description was put out over town link radio as the male made off, CCTV controller picked up the offender on Bull Plain heading onto Maidenhead Street then onto Parliament Square, Control patched the live video to FCR where the offender spots the police car then runs down the side of the little green barber shop out of camera view. Attention kept as police remain on scene.

Male is then seen walking out the front of M&S by the controller. CCTV update police of location, police spot the male and there is a struggle in the road, male makes off again across the road and runs out of steam and walks back towards the officer outside M&S, attention kept as male is arrested.

HERTSMERE:

16/2/2019 22:46 Robbery and Assault

FCR call the CCTV Control Room regarding the some males outside Iceland, Borehamwood, controller located the group and they was seen punching to the face and pushing a male, a female tried to break up the assault and as she took her phone out to make a call when one of the youths was seen to grab the phone, the youths all scattered up in Shenley Road. The controller monitored members of the public assisting the police grabbing hold of the youths, three were detained and searched by police, phone has not been recovered as of yet, police then took the youths home.

Essential Reference Paper E

Fault Report

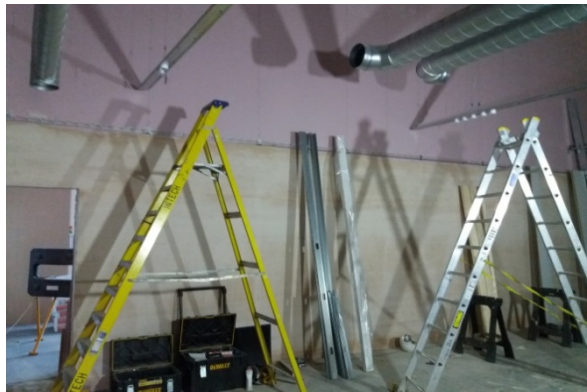
East Herts				
Camera No	Address	Town	Type of Camera	Fault Date
10	John Dyde	Bishop's Stortford	Micki	18/04/2018
12	Anchor Lane - Zest- Bacchus Nightclub	Bishop's Stortford	Micki	06/07/2018
901	Old Cross - Library	Hertford	Micki	30/10/2018
903	Fore Street - Shire Hall opposite Magistrates Court	Hertford	Micki	10/06/2018
904	Fore Street - Opposite Post Office	Hertford	Micki	26/03/2019
906	Bus Station - Opposite Lloyds Bank	Hertford	Micki	07/06/2018
51	Baldock Street - Junc. Priory Street	Ware	Micki	29/10/2018
North Herts				
810	Lower King Street - Opposite Barracuda P/H	Royston	Micki	29/04/2019
813	Corn exchange - Junc A10	Royston	Micki	11/03/2019

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Essential Reference Paper F

New Control Room update

New Monitoring Room as of 14th March



Current work status

- Strip Out 100% complete
- Construction of walls 90% complete
- Air Conditioning 80% complete
- Fresh Air Installation 90% complete
- Electrical Installation 65% complete
- Window Boarding 50% complete
- Plastering 75% complete

We are preparing to move during summer 2019. The exact date will be dependent on BT/Virgin circuit switching.

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