



## JOINT CCTV EXECUTIVE

**Date: Thursday, 29 March 2018**

**Time: 6.00 pm,**

**Location: Shimkent Room - Daneshill House, Danestrete**

**Contact: Jackie Cansick on 01438 242216**

**Members:** Councillors: Henry, Hollywell and Mrs Lloyd (Stevenage Borough Council); Cunningham, Hunter and Needham (North Hertfordshire District Council); Choudhury, Heywood and Wayne (Hertsmere Borough Council) and McAndrew, Stevenson and Williamson (East Hertfordshire District Council)

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## AGENDA

### **PART 1**

**1. APPOINTMENT OF CHAIR**

To appoint a Chair for the meeting.

**2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence from Members.

**3. DECLARATIONS OF INTEREST**

To receive any declarations of interest by Members.

**4. MINUTES OF THE PREVIOUS MEETING**

To approve as a correct record, the minutes of the last meeting of the Joint Committee held on 19 February 2018.

3 - 10

**5. PRESENTATION ON SG1 AND THE IMPLICATIONS FOR THE CCTV CONTROL ROOM**

To receive a presentation by the Stevenage Regeneration Team, outlining plans for SG1 following the appointment of MACE as the Regeneration Delivery Partner in February 2018.

The presentation will also outline the implications for the Swingate House CCTV Control Room.

11 - 12

**6. HERTFORDSHIRE CCTV PARTNERSHIP GOVERNANCE REVIEW**

Stevenage Borough Council's Assistant Director for Communities and Neighbourhoods will present a report on the proposed Governance Review of CCTV.

13 - 80

**7. URGENT BUSINESS**

To consider any business not recorded on the Agenda which, in the opinion of the Chairman, is urgent.

**8. DATE OF NEXT MEETING**

To agree the date (and time and venue) of the next meeting of the Joint Executive.

**NOTE: Links to Part 1 Background Documents are shown on the last page of the individual report, where this is not the case they may be viewed by using the following link to agendas for Executive meetings and then opening the agenda for Thursday, 29 March 2018 – <http://www.stevenage.gov.uk/have-your-say/council-meetings/161153/>**

MINUTES OF A MEETING OF THE JOINT  
CCTV EXECUTIVE HELD IN THE COUNCIL  
CHAMBER, WALLFIELDS, HERTFORD ON  
MONDAY 19 FEBRUARY 2018, AT 7.00 PM

PRESENT:

East Herts Council Councillors G McAndrew, M Stevenson and G Williamson

Hertsmere Borough Council Councillors P Choudhury (Chairman) and P Wayne

North Herts Council Councillors J Cunningham, T Hunter and L Needham

Stevenage Borough Council Councillors J Hollywell and J Lloyd

ALSO PRESENT:

Councillors D Andrews and P Ruffles

OFFICERS IN ATTENDANCE:

Claire Carter	- Service Manager (Community Wellbeing and Partnerships)
Jonathan Geall	- Head of Housing and Health
Rob Gregory	- Assistant Director

	(Communities and Neighbourhoods)
Peter Mannings	- Democratic Services Officer
Keith Moore	- Group Leader CCTV and Parking Services
Mike Read	- Operations Manager (Hertfordshire CCTV Partnership Ltd)

## 1 APPOINTMENT OF CHAIRMAN

It was moved by East Herts Councillor G McAndrew and seconded by Stevenage Borough Councillor Mrs J Lloyd that Hertsmere Borough Councillor P Choudhury be appointed Chairman for the meeting.

RESOLVED – that Councillor P Choudhury be appointed Chairman for the meeting.

## 2 APOLOGIES

Apologies for absence were submitted from Councillors R Henry (Stevenage Borough Council) and J Heywood (Hertsmere Borough Council).

## 3 MINUTES – 27 OCTOBER 2016

In response to a comment by Councillor L Needham, the Head of Housing and Health reminded Members that following discussions as to the best way forward, the CCTV Executive had resolved that a group

accountant be appointed to undertake a cost benefit analysis to review more tax efficient ways to run the Hertfordshire CCTV Partnership.

Councillor G McAndrew suggested that Officers expedite a resolution to this outstanding analysis within 6 weeks by the end of March or early April. This was supported.

RESOLVED - that the Minutes of the meeting held on 27 October 2016 be confirmed as a correct record and signed by the Chairman, subject to the following amendments:

The addition of J Lloyd to the Members present from Stevenage Borough Council.

Minute 1 – Appointment of Chairman

Delete in 1<sup>st</sup> line first paragraph – ‘.....Stevenage.’

Replace with – ‘Hertsmere.’

Minute 7 – Ltd Company – Verbal Update

Delete in 4<sup>th</sup> line first paragraph – ‘before’.

Replace with – ‘after.’

#### 4 PRESENTATION OF ANNUAL OPERATIONS AND INSPECTORS REPORT

The Operations Manager presented the Annual Operations Report for 2016/17 and provided an overview of key points, including replacement

cameras, detailed updates in respect of technical matters and upgrades in relation to servers that could cope with images recorded at 28 frames per second.

The Operations Manager referred to website upgrades and two national Closed Circuit Television (CCTV) awards presented to the control team including an award for innovation. Members were advised that the CCTV Partnership had received an assurance from the Stevenage Compliance Manager that the service was fully compliant with principles of the General Data Protection Regulations (GDPR).

The Operations Manager detailed new locations for CCTV including Gascoyne Way Multi Storey Car Park in Hertford. He detailed a number of other potential new partners interested in joining the partnership. The Operations Manager responded to a query from Councillor J Cunningham regarding the streaming of live evidence from 4 locations across Hertfordshire.

Councillor J Cunningham referred to the accounts and commented on a downturn in the figures regarding the performance of the CCTV Partnership. The Operations Manager stated that a number of major clients had been lost and there was now a more diverse customer base and the Partnership was now less reliant on major clients.

The Operations Manager confirmed to Councillor L Needham how the CCTV Partnership recruited independent inspectors. Members were advised that inspectors had been in place for a good number of years and they had identified a number of incidents regarding the improper use of CCTV in Hertfordshire.

In response to a query from Councillor P Choudhury, the Operations Manager confirmed that both the courts and the police were happy to continue accepting the technology for viewing images or video that preceded high definition CCTV. Councillor Choudhury stated that the courts should be able to view high definition CCTV and the Partnership should introduce measures to ensure that high definition CCTV was accessible in court.

The CCTV Joint Executive Committee approved the Management and Inspector's report as now detailed.

RESOLVED - that the management and inspectors report now submitted be approved.

#### 5 CCTV CODE OF PRACTICE UPDATE

The Operations Manager provided an update in relation to the CCTV Code of Practice, which included suggested amendments.

The CCTV Joint Executive Committee approved the amended Code of Practice, as now detailed.

RESOLVED - that the amended Code of Practice as now detailed, be approved.

#### 6 URGENT BUSINESS

The Chairman agreed to add an urgent item of business onto the agenda, in order to facilitate the

efficient business of the CCTV Joint Executive.

The Operations Manager advised on the planned demolishing of the existing CCTV control room and relocation to a new facility in January 2019. He stated that the new site would house existing facilities and would be owned by the CCTV Partnership.

Members were advised that existing analogue equipment was 12 years old and could not be supported going forward. The new control room would facilitate footage at 28 frames per second and there would be benefits of a new cloud based digital matrix from January 2019.

The Operations Manager referred to a significant capital programme budget to replace CCTV cameras. Members were advised that the final specification would be circulated to Members and would be the subject of a formal tender process.

Various Members commented that the Joint CCTV Executive had not been consulted on the proposed relocation of the control room and questioned whether Officers had the necessary delegated authority to proceed. The Operations Manager explained the rationale for the relocation of the CCTV control room. Councillor J Lloyd undertook to talk to the Chief Executive at Stevenage Borough Council on this issue.

Councillor L Needham commented that the Joint CCTV Executive should have been informed of the plans earlier in the process. Councillor M Stevenson stated that her preference would have been for an open tender process.



She referred to opportunities for the sharing of control rooms as referred to by Officers.

Councillor J Cunningham requested that Officers circulate the governance documents or terms of reference to all Members of the CCTV Executive by the end of this week. This was supported. Members emphasised the importance of clarity over who had decision making powers within the CCTV Partnership.

Councillor J Needham proposed and Councillor J Cunningham seconded, a motion that the governance documents be circulated to Members by the end of the week and Officers provide definitive answers to the questions now posed by Members.

After being put to the meeting and a vote taken, this motion was declared CARRIED.

RESOLVED – that

(A) the governance documents be circulated to Members by the end of the week; and

(B) Officers provide definitive answers to the questions now posed by Members.

## 7 DATE OF NEXT MEETING

Members agreed that the next meeting of the CCTV Joint Executive Committee be held in the last week of March 2018.

RESOLVED - that the next meeting of the CCTV Joint Executive Committee be held in the last week of March 2018.

The meeting closed at 8.35 pm

Chairman .....

Date .....

## CCTV Relocation – Project Briefing Note

### Background

The regeneration of Stevenage Town Centre is the top priority for the residents of Stevenage and Stevenage Borough Council. The council adopted the Stevenage Central Framework in 2015 which set out for how this regeneration will take place. In 2017 Stevenage Borough Council began the process of securing a development partner for SG1, the first phase of this regeneration, a £350m Town Centre regeneration scheme in the heart of Stevenage. The private investment for SG1 has been secured by utilising public sector assets, working in partnership to lay the foundations for the transformation of Stevenage.

The SG1 red line area is shown below and includes Swingate House, surface level carparks, the current SBC offices, Bus Station, The Plaza, Health and library sites. This site was chosen as it has very high levels of public ownership enabling the greatest control of a scheme.



Over the past twelve months, the Council has conducted an OJEU competitive dialogue procurement process for SG1, and has now secured Mace as its development partner, bringing the plans a step closer to reality. The Council still needs to finalise the Development Agreement and go through the planning process, but delivery plans are now being formalised across multiple areas.

As the Council moves from a procurement stage to a delivery stage, consideration is being given to the closure and redevelopment of Swingate House and other public sector assets included in the early phases. This necessitates the relocation of the existing CCTV control room to an alternative location.

## **Key Principles**

As landlord, and a committed member of the CCTV Partnership, we recognise our duty to relocate the facility. The following principles have been developed thus far:

- Relocate the control room with minimum downtime and disruption possible; new control room to be built before the existing is de-commissioned
- Relocate and Replace equipment on at least a like for like basis, as well as identify opportunities for upgrades that could be undertaken as spend to save options. These opportunities will come back to the Board.
- Ensure external technical expertise is engaged from the start of the project

Members may wish to comment upon the principles.

## **Steps taken to date**

The following actions have already been taken:

- £1m of funding secured for the relocation of the control room
- Appointment of SGW technical consultants through a competitive tender process to provide technical advice and support
- Development of a specification to procure an integrator company for the technical design, implementation, testing and maintenance of the new facility
- Identification of parameters for a new site, which will minimise technical disruption and ensure a high-quality facility can be delivered

## **Next steps**

SBC has suggested relocating the Control Room to its depot at Cavendish Road. However it is noted that the partner authorities may wish for other site options to be explored subject to the sites being able to meet the technical requirements. That being the case it would be helpful to know what the other site options are in the near future in order that they may be considered accordingly.

SGW consultants, supported by resource from SBC are finalising the technical specification and developing options for the relocation of the control room. The specification and parameters for a new site will be shared with the partner authorities for comment. Post consideration the next steps are as follows:

- Finalise tender specification and secure a specialist integrator to design and implement the new facility. This will be weighted in favour of quality to ensure an industry-leading company is secured.
- Present technical solution to the CCTV Board leading to a preferred site being selected
- Build and fit-out new facility prior to de-commissioning the existing facility

The outline timetable is to secure an integrator by the end of May 2018; and design, build and test the new facility by the end of December 2018.

**Meeting** CCTV Joint Executive  
**Portfolio Area** Community and Community Safety  
**Date** 29 March 2018



## HERTFORDSHIRE CCTV PARTNERSHIP GOVERNANCE REVIEW

### KEY DECISION

#### 1 PURPOSE

- 1.1 This report outlines the recommendation of a governance review following the questions raised by Members of the CCTV Joint Executive. If Members are in agreement, the review will begin with an internal audit in April to report back to the next meeting of the Joint Executive.

#### 2 RECOMMENDATIONS

- 2.1 To approve a governance review of the Hertfordshire CCTV Partnership and CCTV Company; and
- 2.2 To approve the undertaking of an audit of current governance arrangements to commence in April 2018.

#### 3 BACKGROUND

- 3.1 The Hertfordshire CCTV Partnership was established between North Herts District Council and Stevenage Borough Council in 1996. The partnership expanded to include East Herts District Council in 2006 and Hertsmere Borough Council in 2010 and today includes 167 public realm CCTV sites (cameras) operated from a control room at Swingate House, owned by Stevenage Borough Council.

- 3.2 In 2014, a company was established to drive further commercial opportunities. The company is owned by the members of the partnership where each member is a shareholder and appoints a Director to the Board and a Shareholder Representative.

#### **4 REASONS FOR RECOMMENDED COURSE OF ACTION AND OTHER OPTIONS**

- 4.1 At its meeting on 19 February, the CCTV Joint Executive raised a number of questions in relation to the governance of the CCTV Partnership and the governance relationship with the Company. A subsequent list of governance questions was sent to the Chief Executive of Stevenage Borough Council on 26 February. These were responded to by Stevenage Borough Council on 19 March. A copy of this response is included as a background document and the requested attachments are contained as appendices to this report.
- 4.2 Given the extent of issues raised by the Joint Executive members, it is recommended that a governance review is undertaken in relation to the Hertfordshire CCTV Partnership and Hertfordshire CCTV Company.
- 4.3 It is proposed that the Governance Review begins with an internal audit conducted through the SIAS partnership. Stevenage Borough Council has already allocated ten days to this process to commence in April. If Members of the CCTV Joint Executive are in agreement, the audit will focus on governance, with particular regard to governing documents, schemes of delegation and financial processes. Members may wish to add additional lines of enquiry at the meeting. The findings from the internal audit will inform a number of recommendations for the CCTV Joint Executive to consider.
- 4.4 The Chairman of the CCTV Company has been consulted on this recommendation and is supportive that the audit covers both the CCTV partnership and the Company.

#### **5 IMPLICATIONS**

##### **Financial Implications**

- 5.1 The costs associated with the planned internal audit will be met by Stevenage Borough Council.

##### **5.2 Legal Implications**

- 5.3 The Governance Review will need to consider legal implications to both the structure and form of the partnership and company. Stevenage Borough Council's Legal Services has been consulted on this review and will work with the CCTV Joint Executive to implement recommended governance changes as appropriate.

### **Risk Implications**

- 5.4 The Assistant Director for Communities and Neighbourhoods has been assigned by the Chief Executive of Stevenage Borough Council to facilitate this Governance Review and mitigate identified risks that may impact upon any of the immediate operations of the CCTV Partnership.

### **Staffing Implications**

- 5.5 The Governance Review may inform future staffing implications.

### **Service Delivery Implications**

- 5.6 The Governance Review should lead to more effective governance arrangements to underpin improved service delivery.

### **Community Safety Implications**

- 5.7 CCTV provides a key community safety function across the partnership. Changes to the operation and management of the CCTV partnership following the governance review should pay reference to these.

### Background Documents

- BD1 Questions Raised and Responses Given

### **APPENDICES**

- A Articles of Association – Hertfordshire CCTV Company  
B Shareholder Agreement – Hertfordshire CCTV Company

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**Questions Raised by Members of the Joint CCTV Executive - 26 February 2018**

**Governance**

1. What is the structure of the CCTV 'organisation' as a whole? What is the relationship between the following constituent parts?
  - Joint CCTV Executive  
*The Joint Executive Committee is the governance group for the CCTV Partnership.*
  - Officer Management Board  
*Below the Joint Executive Committee is an Officer Management Board. The officer management board takes responsibility for major decisions affecting the operational management of the joint CCTV control room.*
  - Stevenage BC staff employed to manage the CCTV service on a day-to-day basis  
*As the lead body for the partnership Stevenage Borough Council acts as the employer for the CCTV Services Manager and the CCTV Operations Manager. In 2015 the CCTV Services Manager was appointed by the board as Managing Director of the company.*
  - CCTV Company  
*The CCTV Company is owned by the Partnership. Members of the partnership nominate shareholder representatives and nominate Directors to the CCTV Board.*
  - CCTV company directors  
*The Company Directors act on behalf of the company, board and shareholders.*
  
2. Who sits on/attends/fulfils each of the above? Council Members, Council Officers, company directors, others?

**Joint CCTV Executive (Municipal Year 2017-18)**

***East Herts District Council***

- *Cllr Graham McAndrew*
- *Cllr Mari Stevneson*
- *Cllr Geoffrey Williamson*

***Hertsmere Borough Council***

- *Cllr Pervez Choudhury*
- *Cllr Jean Heywood*
- *Cllr Peter Wayne*

***North Herts District Council***

- *Cllr Julian Cunningham*
- *Cllr Tony Hunter*
- *Cllr Lynda Needham*

*Stevenage Borough Council*

- *Cllr Richard Henry*
- *Cllr Jackie Hollywell*
- *Cllr Joan Lloyd*

*Officer Management Board*

- *Jonathan Geall - East Herts District Council*
- *Valerie Kane – Hertsmere Borough Council*
- *Ian Davis- North Herts District Council*
- *Keith Moore- Stevenage Borough Council*

*Company Directors*

- *Ben Wood- East Herts District Council*
- *Hilary Shade – Hertsmere Borough Council*
- *Peter Carey- North Herts District Council*
- *Keith Moore- Stevenage Borough Council*

*Staff*

- *Keith Moore – CCTV Group Manager (Stevenage Borough Council)*
- *Mike Reid- CCTV Operations Manager (Stevenage Borough Council)*

**Governance and management of the CCTV Partnership (not the Company)**

3. Is there a document (SLA? Partnership Agreement?) that makes it clear what roles and responsibilities the partner authorities have (a) delegated to Stevenage BC as the provider of the CCTV service and (b) retained for themselves?

*No, but this is something that could be picked up through the proposed Governance Review if the partners think it would be helpful.*

4. Is there a set format for the Joint CCTV Partnership meetings? If not, should there be?

*The standard agenda items are: the presentation of the Annual Report, the Independent Inspectors Report, and any changes to the law and/or Code of Practice.*

5. How are matters of CCTV strategy, policy and procedures decided? See following questions for more detailed questioning on this point.

*In accordance with the existing Terms of Reference.*

6. How does Stevenage BC's scheme of delegations to Members and officers apply to the operation of the CCTV service? Is there sufficient cross-reference to the role of the partners?

*The CCTV Group Leader is a fourth-tier Manager at Stevenage Borough Council and has delegated responsibility in accordance with the Council's*

*financial standing orders. The Stevenage Borough Council scheme of delegations is currently being reviewed. Any delegated authority should reference partnership agreements where they are in place.*

7. Linked to above question, which decisions have been delegated to officers? Is there a distinction between Stevenage BC officers managing the day-to-day CCTV service and officers within the other partner authorities?

*The CCTV company nominated the CCTV Group Leader to fulfil the legal obligations of a Managing Director of the company.*

*The day to day management of the CCTV operations is undertaken by the Operations Manager.*

*The CCTV Group Leader is responsible for the co-ordination of all partners and clients.*

*The Operational Management Board is nominated officers from each partner authority.*

8. What matters are reserved for decision by the partner authorities? What is the distinction, if any, between decision-making by officers of the partner authorities and Members (meeting together as the Joint CCTV Executive)?

*This should be reflected in the terms of reference and can be looked at through the proposed Governance Review. The Operational Management Board was originally established to ensure swift operational decisions could be made including the structure of the control room, suitability of new customers, legislative changes and movements in crime patterns.*

9. Linked to the above question, in reality, who would/does decide whether a matter can be determined by (a) the Stevenage BC officers managing the day-to-day CCTV service, (b) other Stevenage BC officers (if this is applicable?), (c) officers of the partner authorities or (d) Members through the Joint CCTV Executive?

*This should be reflected in the Terms of Reference and can be picked up as part of the Governance Review.*

10. What is the decision-making mechanism of the Partnership? How are differences in views between partners dealt with? As there are four partners, how is deadlock dealt with?

*This should be reflected in the Terms of Reference.*

### **Governance of the CCTV Company (not the Partnership)**

11. Could the Company's Articles of Association be circulated to all partners?

*A copy has been attached.*

12. For purposes of clarity, could you confirm who the shareholders of the company are? Is this the four partner authorities? Do all shareholders hold equal shares?

*This was set out in Council reports in 2013. The Company is owned exclusively by the four local authorities. The proportion of shares is in direct proportion to the number of public realm cameras in each local authority area.*

13. Is there a shareholder agreement between all shareholders? If so, could a copy be circulated to all shareholders (the partner authorities)? If not, do the shareholders believe such an agreement would be beneficial?

*A copy has been attached.*

14. Linked to the above question, does the shareholder agreement (or any other document), make explicit what company matters are reserved for the shareholders to determine?

*'Reserved Matters' are listed in the Shareholders Agreement and cover items such as sale of shares or dilution of holdings and also appointments to the Board.*

15. Has each shareholder nominated a shareholder representative? (Note: this is not the same as a nominated director from each authority)

*By law, each Authority must have at least one shareholder representative - each Partner delegated this to a Director at the time.*

16. Does the Company convene an AGM or similar? Are the shareholder reps invited?

*Shareholder representatives are invited to the AGM. The AGM appoints a shareholder representative as the Chair.*

17. What is the mechanism for the shareholders to guide the direction of the Company and/or exercise their decision-making responsibilities on reserved matters?

*Only shareholders can vote at the AGM on such topics. Shareholders are invited to put forward items for inclusion on the agenda in advance of the agenda being circulated.*

18. How are shareholders informed of the performance of the Company?

*At the AGM, the final year end accounts are reported and use of dividend decided and an operational report is presented. Marketing plans and revised financial targets are also discussed.*

19. What is the decision-making mechanism of the Company? How are differences in views between shareholders dealt with? As there are (presumably) four shareholders, how is deadlock dealt with?

*Deadlock is dealt with in the Articles and Shareholders agreements, both in terms of majorities and arbitration.*

20. What is the degree of overlap between Stevenage BC officers' roles managing the CCTV service on a day-to-day basis and being company directors? How are any conflicts of interest identified and avoided?

*The CCTV Group Manager was nominated by the CCTV Board as Managing Director in January 2015. Any conflicts of interest must be declared. This applies to all Officers working for companies formed by a Local Government Body.*

### **Day-to-day Management**

21. Who is answerable to whom regarding the day-to-day management of the CCTV service?

*For the Partnership, the CCTV Manager reports to the Group Leader CCTV and Parking Services.*

*For the CCTV Company, the Managing Director acts in an Executive capacity and is accountable to the shareholders via the Board.*

22. Who is answerable to whom regarding CCTV company matters?

*The Managing Director to the Board and the Board to the Shareholders*

23. What are the property lease arrangements between the CCTV service, the CCTV company and Stevenage BC in terms of both landlord and tenant?

*There is currently no lease.*

24. Can an explanation be given as to why there was a 16-month gap between the two latest Joint CCTV Executive meetings when these should be held annually?

*The Joint CCTV Joint Executive meeting has historically been held on a rotational basis. The 2017 meeting was due to be held in Hertsmere but was unable to be serviced. Alternative arrangements should have been made to ensure this meeting took place.*

25. A question was raised at the Joint CCTV Executive meeting on 19 February 2018 about the use of high resolution video evidence rather than reliance on DVDs. Could the partners be assured that this will be investigated and, if necessary, proposals brought forward for decision?

*This matter will be investigated as requested.*

26. Given the importance of the new General Data Protection Regulation (GDPR), members of the Joint CCTV Executive were surprised that there was no paper on this presented, nor reference to GDPR in any of the other papers. While verbal reference was made to GDPR by Stevenage officers at the meeting, what assurance can be offered that this is being adequately addressed?

*For future items of significance, papers will be prepared in advance. The amendments to the Code of Practice will be implemented in May 2018 when GDPR becomes law. The changes to the Code will be ratified by the Joint Committee at its next meeting.*

### **Move of the CCTV Control Room**

27. When did discussions commence within Stevenage BC regarding the need for the CCTV Control Room to move?

*The Operational Management Board was notified in October 2017 that the vacation of the Swingate House site was a likely scenario to help facilitate the regeneration plans for the town centre. Stevenage Borough Council has been exploring alternative location options within the Stevenage Borough Council sites available. No formal decision has been made regarding this matter and the conversations are ongoing and need to be broadened out to include dialogue with the partner authorities. The Executive will be consulted once a clear proposal has been sufficiently well developed.*

28. Was the Officers Management Board made aware of the closure and move and if so, when?

*An email was sent to the Officer Management Board and Chair of the Company on 3 October 2017 about the potential move. Internally, at Stevenage Borough Council, confirmation of the site options available within Stevenage with minimal business disruption was provided in early February following the announcement of the SG1 Regen Delivery Partner.*

29. Were the CEOs of each partner authority made aware of the closure and move and if so, when?

*No, because the plans for the move remain in development.*

30. Was the Company's Board of Directors made aware of the closure and move and if so, when?

*The Board has been made aware of the possible demolition of Swingate House. This was reiterated in an email to the Board of Directors in October. There has been no further confirmation of any changes because no further decisions have been made. Stevenage Borough Council has a development partner for the SG1 scheme (Mace) and work is underway to now formalise the contract to deliver the regeneration scheme and progress with a planning*

*application. As above, it is likely that this will necessitate moving services from Swingate House but we will do so to avoid disruption to all tenants.*

31. Linked to the above questions, it appears that partner authorities, in either their capacity as a partner or a shareholder, have not been drawn into discussion about the closure and move. Who took the decision not to involve them?

*It is absolutely clear that more formal arrangements for discussing options with the partner authorities should have been established sooner.*

32. Bearing in mind Stevenage CEO's assurance that no final decision on the location for the Control Room has been made, it appears Stevenage BC's building at Cavendish Road is at least a 'front runner'; how could this be determined without reference to the partners as the ToR for the Joint CCTV Executive state, to consider and approve expansion or contraction proposals for the CCTV Control Room, Network, and monitoring service?

*There is some ambiguity around the CCTV Control Room relocation, which has not been sufficiently captured in either the Joint CCTV Executive or the Operational Management Board's Terms of Reference. The OMB's Terms of Reference states: "The Management Board will take responsibility for major decisions affecting the operational management of the joint CCTV initiative. They will approve any change to the structure of the control room". Clearly this needs to be rectified.*

33. What criteria have been and are being applied to the identification of a new location?

*A technical consultant has been appointed by Stevenage Borough Council to scope the relocation of the current CCTV Control Room with minimal operational disruption to the CCTV Partnership and Company. The current proposed date for Swingate to be cleared is December.*

34. How can partners and the Company be assured that a new location offers best value for money?

*This will be considered as part of the above brief.*

35. Who should be held to account for the decision-making regarding work undertaken so far to identify a new location without reference to the partners, the Company and the Company's shareholders?

*SBC should have taken steps to ensure that the partners were fully engaged in this discussion.*

## **Financial Matters**

36. At the meeting of the Joint CCTV Executive held on 27 October 2016 (the last one before the one held on 19 February 2018), in order to overcome a

difference of views between partners about how partners should be invoiced (essentially by the Partnership or the Company), it was resolved that *'a group accountant be appointed to undertake a cost benefit analysis to review more tax efficient ways to run the Hertfordshire CCTV Partnership'*. While not explicit in the minutes, it was the Joint CCTV Executive's understanding that this task would be undertaken by the officers managing the CCTV service on a day-to-day basis. Why has this resolution not been acted on some 16 months after it was made?

*The matter should have been followed through and communicated as appropriate with the CCTV Company Board and Joint CCTV Executive.*

37. What steps are now in place to rectify this?

*The Service Accountant from Stevenage Borough Council will provide a response at the next meeting of the Joint Executive.*

38. Has the non-compliance with this resolution resulted in higher costs to the Partnership and/or reduced profits payable by the Company to shareholders?

*The Service Accountant from Stevenage Borough Council will investigate and cover this point off at the next meeting of the Joint Executive.*



**ARTICLES OF ASSOCIATION**

THE COMPANIES ACT 2006  
PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION  
OF  
HERTFORDSHIRE CCTV PARTNERSHIP LTD

**DRAFT**

1	Defined terms.....	1
2	Liability of shareholders.....	2
3	Directors' general authority .....	2
4	Shareholders' reserve power.....	2
5	Directors may delegate.....	3
6	Committees .....	3
7	Directors to take decisions collectively .....	3
8	Unanimous decisions.....	4
9	Calling a directors' meeting .....	4
10	Participation in directors' meetings.....	5
11	Quorum for directors' meetings.....	5
12	Chairing of directors' meetings .....	5
13	Casting vote .....	5
14	Number of directors.....	5
15	Conflicts of interest – transactions or arrangements with the Company .....	6
16	Conflicts of interest requiring board authorisation.....	7
17	Directors may vote when interested.....	8
18	Records of decisions to be kept.....	8
19	Directors' discretion to make further rules .....	8
20	Methods of appointing directors .....	8
21	Termination of director's appointment.....	9
22	Directors' remuneration.....	9
23	Directors' expenses.....	9
24	Alternative Directors.....	9
25	All shares to be fully paid up .....	11
26	Powers to issue different classes of share.....	11
27	Company not bound by less than absolute interests.....	12
28	Share certificates .....	12
29	Replacement share certificates .....	12
30	Share transfers .....	13
31	Procedure for declaring dividends .....	14
32	Payment of dividends and other distributions.....	14
33	No interest on distributions .....	15
34	Unclaimed distributions .....	15
35	Non-cash distributions.....	15
36	Waiver of distributions .....	16

37	Representatives of shareholders.....	16
38	Attendance and speaking at general meetings.....	16
39	Quorum for general meetings.....	17
40	Chairing general meetings.....	17
41	Attendance and speaking by directors and non-shareholders .....	17
42	Adjournment .....	17
43	Voting: general.....	18
44	Errors and disputes .....	18
45	Poll votes.....	18
46	Content of proxy notices.....	19
47	Delivery of proxy notices .....	19
48	Amendments to resolutions.....	20
49	Means of communication to be used .....	20
50	Right to inspect accounts and other records .....	21
51	Indemnity.....	21
52	Insurance.....	21

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**PART 1**  
**INTERPRETATION AND LIMITATION OF LIABILITY**

**1 Defined terms**

1.1 In these articles, unless the context requires otherwise—

"**articles**" means the Company's articles of association as amended from time to time;

"**bankruptcy**" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"**chairman**" has the meaning given in article 12;

"**chairman of the meeting**" has the meaning given in article 40;

"**Companies Act**" means the Companies Act 2006;

"**Company**" means the company regulated by these articles;

"**Conflict**" has the meaning given in article 16;

"**director**" means a director of the Company, and includes any person occupying the position of director, by whatever name called;

"**distribution recipient**" has the meaning given in article 32.2;

"**document**" includes, unless otherwise specified, any document sent or supplied in electronic form;

"**electronic form**" has the meaning given in section 1168 of the Companies Act 2006;

"**fully paid**" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

"**group company**" means, in relation to a company, a subsidiary undertaking or parent undertaking of the Company or a subsidiary undertaking of any parent undertaking of the Company, provided that the definition of "undertaking" in section 1161 of the Companies Act 2006 shall for these purposes also include any person (incorporated or unincorporated) created by statute;

"**hard copy form**" has the meaning given in section 1168 of the Companies Act 2006;

"**holder**" in relation to shares means the person whose name is entered in the register of shareholders as the holder of the shares;

"**instrument**" means a document in hard copy form;

"**paid**" means paid or credited as paid;

"**participate**", in relation to a directors' meeting, has the meaning given in article 10;

"**Permitted Situation**" has the meaning given in article 16;

"**proxy notice**" has the meaning given in article 46;

"**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);

"**relevant director**" has the meaning given in article 51;

"**services**" means CCTV services and associated services;

"**shareholder**" means a person who is the holder of a share;

"**shares**" means shares in the Company;

"**special resolution**" has the meaning given in section 283 of the Companies Act 2006;

"**subsidiary**" has the meaning given in section 1159 of the Companies Act 2006;  
and

"**writing**" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- 1.2 No model articles contained in any statute or subordinate legislation, including those contained in the model articles for private companies limited by shares contained in Schedule 1 of the Companies Act (Model Articles) Regulations 2008, shall apply to the Company.
- 1.3 Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the Company.
- 1.4 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).

## **2 Liability of shareholders**

- 2.1 The liability of the shareholders is limited to the amount, if any, unpaid on the shares held by them.

## **PART 2**

### **DIRECTORS**

#### **DIRECTORS' POWERS AND RESPONSIBILITIES**

### **3 Directors' general authority**

- 3.1 Subject to these articles or unless otherwise agreed between the shareholders, the directors are responsible for the management of the Company's business and all affairs of the Company, for which purpose they may exercise all the powers of the Company.

### **4 Shareholders' reserve power**

- 4.1 The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

- 4.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## 5 Directors may delegate

- 5.1 Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles:

- 5.1.1 to such person or committee;
- 5.1.2 by such means (including by power of attorney);
- 5.1.3 to such an extent;
- 5.1.4 in relation to such matters or territories; and
- 5.1.5 on such terms and conditions;

as they decide.

- 5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

- 5.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## 6 Committees

- 6.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these articles which govern the taking of decisions by directors.

- 6.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these articles if they are not consistent with them.

## DECISION-MAKING BY DIRECTORS

### 7 Directors to take decisions collectively

- 7.1 Each director shall have one vote.
- 7.2 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- 7.3 If:
- 7.3.1 the Company only has one director, and
  - 7.3.2 no provision of these articles requires it to have more than one director,

the general rule does not apply, and the director may take decisions without regard to any of the provisions of these articles relating to directors' decision-making.

- 7.4 If only one director is eligible to vote on any authorisation required under article 16, the general rule does not apply, and the eligible director may take decisions in relation to the relevant matter without regard to any of the provisions in these articles relating to directors' decision-making.

## **8 Unanimous decisions**

- 8.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 8.2 Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- 8.3 References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- 8.4 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

## **9 Calling a directors' meeting**

- 9.1 Meetings of the directors shall take place at least twice in each year with a period of not more than 6 months between any two meetings.
- 9.2 Any director may call a directors' meeting by giving notice of the meeting to the directors.
- 9.3 Notice of any directors' meeting must indicate:
- 9.3.1 its proposed date and time;
  - 9.3.2 where it is to take place;
  - 9.3.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting;
  - 9.3.4 an agenda specifying in reasonable detail the matters to be raised at the meeting or the committee meeting; and
  - 9.3.5 copies of any papers to be discussed at the meeting or the committee meeting.
- 9.4 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 9.5 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company

not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **10 Participation in directors' meetings**

- 10.1 Subject to these articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 10.1.1 the meeting has been called and takes place in accordance with these articles, and
  - 10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 10.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## **11 Quorum for directors' meetings**

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must comprise of one director appointed by each shareholder in accordance with article 20.1.
- 11.3 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision:
- 11.3.1 to appoint further directors, or
  - 11.3.2 to call a general meeting so as to enable the shareholders to appoint further directors.

## **12 Chairing of directors' meetings**

- 12.1 The director appointed to chair directors' meetings of the Company in accordance with article 20.2 below shall be known as the "chairman".
- 12.2 The shareholders may acting unanimously terminate the chairman's appointment at any time, but until such time the chairman shall remain in this position until his appointment shall cease in accordance with article 20.3.

## **13 Casting vote**

- 13.1 If the numbers of votes for and against a proposal are equal, the chairman will have a casting vote.

## **14 Number of directors**



- 14.1 Unless otherwise unanimously determined by the shareholders, the number of directors shall not be subject to any maximum but shall not be less than four (4).

## **15 Conflicts of interest – transactions or arrangements with the Company**

- 15.1 The relevant provisions of the Companies Act 2006 (including, without limitation, sections 177 and 182) shall apply in relation to declarations of interest in proposed and existing transactions or arrangements with the Company.
- 15.2 Provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Act, a director notwithstanding his office:
- 15.2.1 may be a party to, or otherwise interested in, any contract with the Company or in which the Company is otherwise interested;
  - 15.2.2 may be a director or other officer of, employed by, a party to any contract with or otherwise interested in any group company or in any body corporate promoted by the Company or any group company or in which the Company or any group company is interested; and
  - 15.2.3 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor).
- 15.3 For the purposes of this article 15:
- 15.3.1 a director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of any group company (including a local authority); and
  - 15.3.2 a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such contract of the nature and extent so specified.
- 15.4 Where a director is a director or other officer of, or employed by, a group company (including a local authority), he:
- 15.4.1 may in exercising his independent judgment take into account the success of other group companies (including local authorities) as well as the success of the Company; and
  - 15.4.2 shall in the exercise of his duties, where that other group company is a parent company (including a local authority), have a duty of confidentiality to the parent company (including a local authority) in relation to confidential information of the parent company (including a local authority), but he shall not be restricted by any duty of confidentiality to the company from providing information to any parent company (including a local authority).

## 16 Conflicts of interest requiring board authorisation

- 16.1 The directors may, subject to the quorum and voting requirements set out in these articles, authorise any matter which would otherwise involve a director ("relevant director") breaching his duty under the Companies Act to avoid conflicts of interest (a "Conflict").
- 16.2 Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and decided upon by the directors under the provisions of these articles save that the relevant director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient directors eligible to vote and therefore to form a quorum, article 16.3 will apply.
- 16.3 Where the directors give authority in relation to a Conflict:
- 16.3.1 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- 16.3.2 the directors may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.
- 16.4 A Conflict in relation to a director arising solely as a result of him being a director, officer or employee of any group company (including a local authority) shall be deemed to have been authorised for the purposes of this article 16 and section 175 of the Companies Act 2006.
- 16.5 Where article 16.4 above applies or the directors otherwise give authority in relation to a Conflict, or where any of the situations referred to in article 15 (a "Permitted Situation") applies:
- 16.5.1 the directors may (whether at the relevant time or subsequently) (i) require that the relevant director is excluded from the receipt of information, the participation in discussion and/or the making of decisions (whether at meetings of the directors or otherwise) related to the Conflict or Permitted Situation; and (ii) impose upon the relevant director such other terms for the purpose of dealing with the Conflict as they may determine;
- 16.5.2 the relevant director will be obliged to conduct himself in accordance with any terms imposed by the board in relation to the Conflict or Permitted Situation; and
- 16.5.3 the directors may provide that where the relevant director obtains (otherwise than through his position as a director of the Company) information that is confidential to a third party, the director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

16.6 A director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the Company or the shareholders for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a director having any such interest.

## 17 Directors may vote when interested

17.1 Subject where applicable to disclosure in accordance with the Companies Act or these articles and subject to any terms imposed by the directors in relation to any Conflict or Permitted Situation, a director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting shall be taken into account in ascertaining whether a quorum is present.

17.2 Subject to article 17.3 below, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

17.3 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

## 18 Records of decisions to be kept

18.1 The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

## 19 Directors' discretion to make further rules

19.1 Subject to these articles, the directors may make any rule about how they take decisions, and about how such rules are to be recorded or communicated to directors.

# APPOINTMENT OF DIRECTORS

## 20 Methods of appointing directors

20.1 Each shareholder has the right to appoint two (2) persons who are willing to act as a director, and are permitted by law to do so, to be a director ("**Shareholder Director**") so that at all times each shareholder may have two (2) appointed Shareholder Directors.

20.2 Each year at a general meeting of the Company, the shareholders shall unanimously appoint one Shareholder Director to be the chairman of the board of directors.

- 20.3 A chairman appointed under article 20.2 shall hold office for twelve (12) months only and on the expiration of twelve (12) months from the date of his appointment, shall retire from such appointment and shall be replaced by another Shareholder Director appointed in accordance with article 20.2, such that each Shareholder Director is appointed as chairman on an annual rotational basis.

## **21 Termination of director's appointment**

- 21.1 A person ceases to be a director as soon as:

21.1.1 the shareholder who appointed the director notifies the Company that the individual is to be removed as a director, such removal shall take 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;

21.1.2 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;

21.1.3 a bankruptcy order is made against that person, or an order is made against that person in individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

21.1.4 a composition is made with that person's creditors generally in satisfaction of that person's debts;

21.1.5 notification is received by the Company from the director that the director is resigning from office and such resignation has taken effect in accordance with its terms; or

21.1.6 the shareholder who appointed the director ceases to be a shareholder of the Company.

- 21.2 If a shareholder removes a director appointed by it under article 20.1, that shareholder shall indemnify and keep indemnified the Company against any claim connected with the director's removal from office.

## **22 Directors' remuneration**

- 22.1 Directors may undertake any services for the Company that the directors decide but shall not receive remuneration for such services.

22.2 Unless the directors decide otherwise, directors are accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

## **23 Directors' expenses**

- 23.1 Any expenses incurred by a director and to be paid by the Company to that director shall be determined by the shareholders.

## **24 Alternative Directors**

## 24.1 Appointment and removal of Alternate Directors

24.1.1 Any director may appoint as an alternate any other director, or any other person, to:

24.1.1.1 exercise that director's powers; and

24.1.1.2 carry out that director's responsibilities

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

24.1.2 Any appointment or removal of an alternate must identify the proposed alternate and be effected by notice in writing to the Company signed by his appointor, or in any other manner approved by the directors.

## 24.2 Rights and responsibilities of Alternate Directors

24.2.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

24.2.2 Except as these articles specify otherwise, alternate directors:

24.2.2.1 are deemed for all purposes to be directors;

24.2.2.2 are liable for their own acts and omissions;

24.2.2.3 are subject to the same restrictions as their appointors; and

24.2.2.4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

24.2.3 A person who is an alternate director but not a director:

24.2.3.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

24.2.3.2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate); and

24.2.3.3 shall not be counted as more than one director for the purposes of articles 24.2.3.1 and 24.2.3.2.

24.2.4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision),

but shall not count as more than one director for the purposes of determining whether a quorum is present.

- 24.2.5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

### 24.3 Termination of alternate directorship

An alternate director's appointment as an alternate terminates

- 24.3.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
- 24.3.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- 24.3.3 on the death of the alternate's appointor;
- 24.3.4 when the alternate's appointor's appointment as a director terminates; or
- 24.3.5 when the alternate is removed in accordance with these articles.

**PART 3**  
**SHARES AND DISTRIBUTIONS**  
**SHARES**

### 25 All shares to be fully paid up

- 25.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 25.2 The Company may only issues shares after obtaining the prior unanimous consent of all shareholders and where such shares are issued to a prospective shareholder, after such prospective shareholder has signed a deed of adherence on terms required by the shareholders.
- 25.3 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

### 26 Powers to issue different classes of share

- 26.1 Subject to these articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by unanimous consent of the shareholders.

26.2 The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

## **27 Company not bound by less than absolute interests**

27.1 Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or these articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

## **28 Share certificates**

28.1 The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

28.2 Every certificate must specify:

28.2.1 in respect of how many shares, of what class, it is issued;

28.2.2 the nominal value of those shares;

28.2.3 that the shares are fully paid; and

28.2.4 any distinguishing numbers assigned to them.

28.3 No certificate may be issued in respect of shares of more than one class.

28.4 If more than one person holds a share, only one certificate may be issued in respect of it.

28.5 Certificates must be executed in accordance with the Companies Act.

## **29 Replacement share certificates**

29.1 If a certificate issued in respect of a shareholder's shares is:

29.1.1 damaged or defaced, or

29.1.2 said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

29.2 A shareholder exercising the right to be issued with such a replacement certificate:

29.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

29.2.2 must return the certificate which is to be replaced to the Company if it is damaged or defaced; and

29.2.3 must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

## 30 Share transfers

- 30.1 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 unless:
- 30.1.1 the shareholder transferring the shares has obtained the prior unanimous written consent of all other shareholders;
  - 30.1.2 the shareholder transferring the shares is transferring all its shares in the Company;
  - 30.1.3 if the transferor is not a shareholder of the Company, the transferor signs a deed of adherence prior to such transfer, on terms required by the other shareholders.
- 30.2 In the event that a shareholder proposes to transfer its shares in the Company to a prospective shareholder the transferring shareholder shall:
- 30.2.1 notify the Company 6 months prior to such proposed transfer date;
  - 30.2.2 use its reasonable endeavours to procure that any rights and obligations of the shareholder in relation to the providing of services to the Company are transferred to the remaining shareholders as agreed unanimously by the remaining shareholders;
  - 30.2.3 execute and deliver a stock transfer form to transfer such shares.
- 30.3 In the event that a shareholder wishes to cease being a shareholder and such shareholder is not transferring his shares to a prospective shareholder, the transferring shareholder shall:
- 30.3.1 notify the Company 6 months prior to the proposed date on which he will cease to be a shareholder;
  - 30.3.2 use its reasonable endeavours to procure that any rights and obligations of the shareholder in relation to the providing of services to the Company are transferred to the remaining shareholders as agreed unanimously by the remaining shareholders;
  - 30.3.3 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 at the price of £1 per share.
- 30.4 Upon a shareholder transferring its shares in accordance with articles 30.2.3 or 30.3.3, the Company shall issue such number of new shares to the shareholders as is necessary to ensure that each shareholder holds a percentage of shares and voting rights in the Company in proportion to the actual number of CCTV cameras each shareholder is providing for business use by the Company.
- 30.5 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.



- 30.6 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 30.7 The Company may retain any instrument of transfer which is registered.
- 30.8 The transferor remains the holder of a share until the transferee's name is entered in the register of shareholders as holder of it.

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **31 Procedure for declaring dividends**

- 31.1 The Company may declare final dividends providing such dividends are declared in accordance with the current business plan of the Company, and the directors may decide to pay interim dividends.
- 31.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 31.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 31.4 Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.
- 31.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 31.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 31.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **32 Payment of dividends and other distributions**

- 32.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
  - 32.1.1 transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
  - 32.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;

32.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or

32.1.4 any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

32.2 In these articles, the "**distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable:

32.2.1 the holder of the share; or

32.2.2 if the holder is no longer entitled to the share by reason of bankruptcy, or otherwise by operation of law, the transmittee.

### 33 No interest on distributions

33.1 The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

33.1.1 the terms on which the share was issued, or

33.1.2 the provisions of another agreement between the holder of that share and the Company.

### 34 Unclaimed distributions

34.1 All dividends or other sums which are:

34.1.1 payable in respect of shares, and

34.1.2 unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

34.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

34.3 If:

34.3.1 twelve (12) years have passed from the date on which a dividend or other sum became due for payment, and

34.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

### 35 Non-cash distributions

- 35.1 The Company must not pay any dividend or other distribution payable in respect of a share by the transfer of a non-cash asset.

**36 Waiver of distributions**

- 36.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect.

**PART 4**

**DECISION-MAKING BY SHAREHOLDERS  
ORGANISATION OF GENERAL MEETINGS**

**37 Representatives of shareholders**

- 37.1 A public body who is a shareholder may be represented at any general meeting of the Company by any authorised councillor or officer for the time being of the public body as notified by the public body in question to the Company in writing in advance of such individual attending as a representative (a "**Representative**").

- 37.2 A Representative shall be deemed to have full authority to act on behalf of an authority in relation to any discussion or vote at a general meeting.

**38 Attendance and speaking at general meetings**

- 38.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

- 38.2 A person is able to exercise the right to vote at a general meeting when:

38.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

38.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

- 38.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

- 38.4 In determining attendance at a general meeting, it is immaterial whether any two or more shareholders attending it are in the same place as each other.

- 38.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

**39 Quorum for general meetings**

39.1 No business other than the appointment of a chairman of the meeting in accordance with article 20.2 is to be transacted at a general meeting unless one Representative of each shareholder is present.

**40 Chairing general meetings**

40.1 The chairman of the board appointed in accordance with article 20.2 shall chair general meetings if present and willing to do so.

40.2 The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

40.3 For the avoidance of doubt the chairman of the meeting shall not have a vote on shareholder decisions.

**41 Attendance and speaking by directors and non-shareholders**

41.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

41.2 The chairman of the meeting may permit other persons who are not:

41.2.1 shareholders of the Company, or

41.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,

to attend and speak at a general meeting.

**42 Adjournment**

42.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

42.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:

42.2.1 the meeting consents to an adjournment, or

42.2.2 it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

42.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

42.4 When adjourning a general meeting, the chairman of the meeting must:

- 42.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and
- 42.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 42.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 42.5.1 to the same persons to whom notice of the Company's general meetings is required to be given, and
- 42.5.2 containing the same information which such notice is required to contain.
- 42.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## VOTING AT GENERAL MEETINGS

### 43 Voting: general

- 43.1 Unless otherwise agreed between the shareholders, all decisions of the shareholders shall be made by special resolution.
- 43.2 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these articles.

### 44 Errors and disputes

- 44.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 44.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

### 45 Poll votes

- 45.1 A poll on a resolution may be demanded:
- 45.1.1 in advance of the general meeting where it is to be put to the vote, or
- 45.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 45.2 A poll may be demanded by:
- 45.2.1 the chairman of the meeting;

- 45.2.2 the directors;
  - 45.2.3 two or more persons having the right to vote on the resolution; or
  - 45.2.4 a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.
- 45.3 A demand for a poll may be withdrawn if:
- 45.3.1 the poll has not yet been taken, and
  - 45.3.2 the chairman of the meeting consents to the withdrawal.
- 45.4 Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### **46 Content of proxy notices**

- 46.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
- 46.1.1 states the name and address of the shareholder appointing the proxy;
  - 46.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
  - 46.1.3 is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - 46.1.4 is delivered to the Company in accordance with these articles and any instructions contained in the notice of the general meeting to which they relate.
- 46.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 46.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 46.4 Unless a proxy notice indicates otherwise, it must be treated as:
- 46.4.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
  - 46.4.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### **47 Delivery of proxy notices**

- 47.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- 47.2 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 47.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 47.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **48 Amendments to resolutions**

- 48.1 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
- 48.1.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
- 48.1.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 48.2 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

### **PART 5 ADMINISTRATIVE ARRANGEMENTS**

#### **49 Means of communication to be used**

- 49.1 Subject to these articles, anything sent or supplied by or to the Company under these articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.
- 49.2 Subject to these articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 49.3 A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

## 50 Right to inspect accounts and other records

- 50.1 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.

## DIRECTORS' INDEMNITY AND INSURANCE

### 51 Indemnity

- 51.1 Subject to article 51.2, a relevant director of the Company or an associated company may be indemnified out of the Company's assets against:
- 51.1.1 any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;
  - 51.1.2 any liability incurred by that director in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006);
  - 51.1.3 any other liability incurred by that director as an officer of the Company or an associated company.
- 51.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Act or by any other provision of law.
- 51.3 In this article:
- 51.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
  - 51.3.2 a "**relevant director**" means any director or former director of the Company or an associated company.

### 52 Insurance

- 52.1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant director in respect of any relevant loss.
- 52.2 In this article:
- 52.2.1 a "**relevant director**" means any director or former director of the Company or an associated company;
  - 52.2.2 a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Company, any associated



company or any pension fund or employees' share scheme of the Company or associated company; and

52.2.3

companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

**DRAFT**



## **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**

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### **SHAREHOLDERS' AGREEMENT**

**relating to**

**Hertfordshire CCTV Partnership Ltd**

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1	DEFINITIONS AND INTERPRETATION .....	1
2	FINANCING THE COMPANY .....	6
3	MANAGEMENT OF THE COMPANY .....	7
4	BOARD OF DIRECTORS .....	8
5	THE BUSINESS PLAN AND COMPLIANCE WITH THE BUSINESS PLAN .....	8
6	SHAREHOLDER VOTING .....	9
7	SHAREHOLDER ACCESS TO INFORMATION .....	10
8	TRANSFER OF SHARES .....	10
9	ISSUE OF FURTHER SHARES .....	11
10	DISTRIBUTIONS AND LIABILITIES OF SHAREHOLDERS .....	12
11	TERMINATION.....	12
12	DISPUTES .....	14
13	ENFORCEMENT OF THE COMPANY'S RIGHTS .....	14
14	UNLAWFUL FETTER ON THE COMPANY'S POWERS .....	14
15	WARRANTIES .....	14
16	ASSIGNMENT AND SUB-CONTRACTING .....	15
17	FURTHER ASSURANCE.....	15
18	REMEDIES AND WAIVERS.....	15
19	ENTIRE AGREEMENT.....	15
20	VARIATION.....	16
21	CONFLICT WITH THE ARTICLES.....	16
22	SEVERANCE .....	16
23	CONFIDENTIALITY .....	17
24	FREEDOM OF INFORMATION.....	18
25	NOTICES .....	18
26	COSTS AND EXPENSES .....	19
27	SET-OFF .....	19
28	NO PARTNERSHIP OR AGENCY .....	19
29	COUNTERPARTS.....	19
30	CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999 .....	19
31	GOVERNING LAW AND JURISDICTION .....	20

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**SCHEDULE 1 - PARTICULARS OF THE COMPANY**  
**SCHEDULE 2 - DEED OF ADHERENCE**  
**SCHEDULE 3 – RESERVED MATTERS**  
**SCHEDULE 4 – CONTACT DETAILS**

**THIS AGREEMENT** is made on

2014

**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 <sup>st</sup> 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"

means any of the following:

- (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;
- (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;
- (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;
- (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;
- (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 Increase or Decrease"

means fluctuation, by 10% or more, of the number of CCTV cameras provided by any Shareholder for use by the Company in the Business;

"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;

"Service Contract"

means the service contract in relation to the Business entered into or to be entered into between the Company and private clients;



“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;
"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.

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;

- 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 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; and
  - 5.2.7 any Reserved Matters specifically approved through the Business 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:
- 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 the 31<sup>st</sup> day of December in the Financial Year preceding the start of the Financial Year to which it relates; and
  - 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.

## **6 SHAREHOLDER VOTING**

- 6.1 All decisions of the Shareholders except for Reserved Matters (which require unanimous Shareholder 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.

## **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 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 proposes to transfer its shares in the capital of the Company to a prospective 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.
- 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 such number of new shares to the 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.

- 9.4 The Shareholders and the Company acknowledge that the allocation of Shares in 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 new shares shall be issued to the Shareholders (as applicable) to 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.
- 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.

## **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.
- 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.

## **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: 4<sup>th</sup> 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: 31<sup>st</sup> 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).
- 5 Amalgamating or merging with any other company or business undertaking.
- 6 Entering into any arrangement, contract or transaction with either a capital or revenue value over £1 million.
- 7 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.
- 8 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.
- 9 The sale, transfer, assignment, pledge, charge or other disposal of any share or any interest in any share in the capital of the Company.
- 10 Appointing or removing a chairman of the board of directors.
- 11 Adopting or amending the Business Plan.

## 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.