

EAST HERTS COUNCIL

JOINT CCTV EXECUTIVE – 5 JUNE 2019

REPORT BY HEAD OF HOUSING AND HEALTH

UPDATE ON AND DECISIONS ARISING FROM THE SIAS GOVERNANCE REPORT

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

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

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

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

1.0 Background

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

2.0 Report

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

Governance framework

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

diagram of the revised governance arrangements.

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

CCTV Joint Executive Committee terms of reference

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

CCTV Officer Management Board terms of reference

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

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

Shareholders Agreement

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

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

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

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

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

Partnership Agreement

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

3.0 Implications/Consultations

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

Background Papers

SIAS report – previously circulated to Members.

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