

## Essential Reference Paper B

### Background

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

### Current Position of Company and Partnership

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

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

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

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

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

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

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

