

POLICY ON PARTNERSHIPS BETWEEN THE COUNCIL AND THE PRIVATE SECTOR

1.0 INTRODUCTION

The purpose of this Policy is to provide guidance to the Council when considering entering in to a partnership with the private sector. This will cover an agreement or arrangement between one or more local authorities and one or more persons in business. This Policy provides guidance to the Council on circumstances, outcomes, conditions and risk management.

2.0 PURPOSE

This policy only applies to partnerships with the private sector. To clarify, the Council has considered this definition with regard to the apparent overall intent of the legislation and the nature of the Council's business. The Council has determined that this Policy **shall apply specifically to:**

- Arrangements or agreements for provision of grants, loans, guarantees, or investments between the Council and persons engaged in business with the intention of making a profit; and
- Agreements for a venture where the Council participates with a person engaged in business with some joint objective; and
- Any agreement with a person engaged in business to form a Council organisation, or any agreement to sell shares in a Council organisation to a person engaged in business (this will be in addition to the requirements of section 56 of the LGA if applicable).

But **shall NOT apply to:**

- Arrangements or agreements to which the only parties are local authorities or 1 or more local

authorities and 1 or more council organisations; or

- A contract for the supply of goods or services to, or on behalf of a local authority; or
- Contracts between the Council and its ordinary suppliers of goods and services (for example, purchase of office supplies or legal services); or
- Contracts between the Council and its customers for the ordinary supply of goods and services (for example, sale of swimming equipment or provision of various consents or licenses); or
- Contracts for the supply of goods and services between the Council and its agents for undertaking Council activities (such as building or maintaining roads); or
- Borrowing by the Council and the investment of the Council's funds purely for financial gain as these transactions will be addressed in the liability management and investment policies respectively; or
- Agreements with or grants to community organisations, charitable trusts and other community groups, government departments, not-for-profit-organisations, other local authorities and council controlled organisations; or
- Memorandums of Understanding or Heads of Agreement where the Council is not providing any funding or other significant resources to the other party.

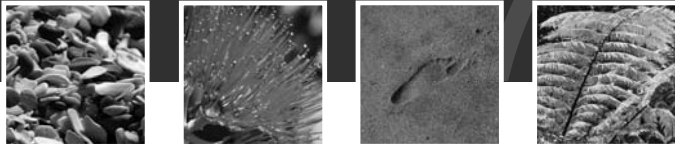
3.0 CIRCUMSTANCES UNDER WHICH THE COUNCIL MAY CONSIDER A PARTNERSHIP WITH THE PRIVATE SECTOR

The Council may consider a partnership with the private sector where there are benefits to the Council of committing resources to a partnership with the private sector such as:

- A need, that a partnership with the private sector would address, has been defined in measurable terms; or
- The partnership is the most effective means of realising the Council's strategic goals or community outcomes as defined in the Council's Long Term Council Community Plan; or
- The partnership will lower the cost of the provision of identified services to the community; or
- There is scope for the private sector to contribute particular skills and/or innovative capacity.

4.0 CONSULTATION

The Council will only undertake consultation in respect of any proposal to provide funding or other resources to any form of partnership with the private sector if that partnership is determined to be significant in terms of the Council's approved Policy on Determining Significance. The Council will generally not undertake consultation in respect of a proposal to provide funding or other resources to any partnership with the private sector that is not considered significant.



4.0 OUTCOMES

The Council can consider the following methods of participating in a partnership:

- Grants
- Loans
- Investments (e.g Council Controlled Trading Organisations)
- Guarantees

The form of contribution to a partnership will be determined based on the nature of the partnership project, the availability of resources and the assessed risks.

5.0 CONDITIONS

The conditions any public private sector partnership will be subject to, will depend on the nature of the partnership, but will include the following where appropriate:

- Private sector participation will be subject to approved procurement processes, with an emphasis on transparency and disclosure of processes and outcomes, acknowledging the need to protect commercial confidentiality where appropriate; and
- Any proposed partnership will be assessed against the Council's policies, plans, strategic goals and community outcomes as specified in the LTCCP; and
- Outputs will be clearly specified including measurable performance standards; and
- Risk allocation is shared equitably; and
- The partnership is compliant with relevant legislation; and

- All private sector parties will be fully accountable to the Council for the delivery of the specified project and/or services.

6.0 RISK MANAGEMENT

The Council will assess and manage any risks associated with any Public Private Sector partnership in the following manner:

- Risk will be assessed, monitored and reported in accordance with the Council's risk management framework; and
- Risk allocation between the partners will be clear and enforceable, with consequential financial outcomes; and
- The major principle governing risk will be a risk transfer regime where risk will be transferred to whoever is best able to manage it taking into account public interest considerations; and
- Each party must have the freedom to choose how to handle and minimise any risk; and
- Where the Council is not the only user of an asset, demand (or volume/usage) risk may also be transferred.

7.0 MONITORING AND REPORTING

The Council will monitor and report on a public private sector partnership by:

- Ensuring transparency and disclosure of key processes and outcomes; and
- Clearly setting out responsibilities for the monitoring of outcomes; and
- Monitoring and reporting progress on partnership contracts in accordance with the Council's

- financial and programme reporting regime; and
- Assessing and monitoring community outcomes as required under the Local Government Act 2002 annual report requirements.

8.0 REVIEW OF THE POLICY

The Council will review its Policy on Partnerships between the Council and the Private Sector every three years to coincide with the review of the LTCCP. This policy can only be amended as an amendment to the LTCCP.