

# POLICY ON PARTNERSHIPS WITH THE PRIVATE SECTOR

## Background

The Local Government Act 2002 requires that every local authority adopt, by 30 June 2003, via the special consultative procedure, a policy on partnerships with the private sector.

A 'partnership with the private sector' is defined in s.107 of the Act to mean;  
 "...any arrangement or agreement that is entered into between one or more local authorities and one or more persons engaged in business ..."

It specifically does not include arrangements between local authorities or council organisations, nor does it include contracts for the supply of goods or services to a local authority.

The partnerships policy must include:

- i) *The circumstances (if any) in which the local authority will provide funding or other resources to any form of partnership with the private sector, whether by way of grant, loan or investment, or by way of acting as a guarantor for any such partnership; and*
- ii) *What consultation the local authority will undertake in respect of any proposal to provide funding or other resources to any form of partnership with the private sector; and*
- iii) *What conditions, if any, the local authority will impose before providing funding or other resources to any form of partnership with the private sector; and*
- (iv) *An outline of how risks associated with any such provision of funding or other resources are assessed and managed; and*
- (v) *An outline of the procedures by which any such provision of funding or other resources will be monitored and reported on to the local authority; and*
- (vi) *An outline of how the local authority will assess, monitor and report on the extent to which community outcomes are furthered by any provision of funding or other resources or a partnership with the private sector."*

## Circumstances in which the Council will consider providing funding or any other resources to a partnership with the private sector

The Council will consider partnership arrangements with the private sector where:

the partnership will contribute to furthering community outcomes; and there are clear advantages in a partnership arrangement over other possible structures; and risks are considered to be acceptable; and the Council is satisfied that the proposed partnership will help promote the communities' economic, environmental, social and cultural wellbeing.

## Consultation

Before the Council enters into any partnership it will undertake consultation in accordance with the procedures set out in Part 6 of the Act.

## Conditions (if any) that the Council may impose before providing funding

In considering any partnership proposal the Council will consider the necessity to impose conditions relating to:-

- governance;
- funding;
- management and operations;
- protection of the wider public interest;
- specific risk management mechanisms; and
- termination/exit arrangements.

The Council will, in particular, consider the extent to which conditions need to be imposed specifying:-

- how objectives and performance targets are to be set, agreed and reviewed.
- the extent to which, and the conditions under which, the Council will be liable to contribute funds to the partnership, (and may impose conditions stipulating how such funds and other financial matters relating to the partnership are to be managed).
- the requirements for monitoring, and the obligations of the partnership to provide regular reports to the Council about its performance (including identification of the extent to which the activities of the partnership have contributed towards the achievement of community outcomes).
- any particular requirements relating to the protection and enhancement of any affected Council assets.

- (if necessary) the extent to which the Council may need to retain control over matters relating to, pricing, management, and to the development of policy, during the partnership.

#### **How risk associated with the provision of funding or other resources will be assessed and managed**

A comprehensive risk assessment will be carried out before any partnership proposal is promoted or entered into.

Where the partnership proposal is significant and the Council decides to use the special consultative process, that process may identify further risks and/or assist the Council's understanding of the community's perception of risk.

Appropriate risk management mechanisms will be incorporated into every partnership agreement.

#### **Procedures by which any provision of funding or other resources will be monitored and reported on to the Council.**

Appropriate objectives, performance targets, and monitoring and reporting requirements will be included in every partnership agreement.

Appropriate procedures will also be put in place within the Council organisation to ensure that these are complied with.

#### **How The Council Will Assess, Monitor, And Report On The Extent To Which Community Outcomes Are Furthered By Any Provision Of Funding Or Other Resources To The Partnership.**

See 4 above.

A report listing all partnerships entered into by the Council will be included in the Council's Annual Report each year:-

- identifying the community outcome(s) to which each primarily contributes;
- reporting the results of performance measurements undertaken during the year;
- describing any identified effects that the partnership has had on the social, economic; environmental wellbeing of the community;
- recording the financial results of the partnership.

The Council will also include in its triennial report that is required to be issued pursuant to Section 92 of the Act, information about the extent to which the partnerships have contributed towards the achievement of community outcomes.

#### **Notes:**

Legislative references to the policy on partnerships with the private sector include sections 102(4)(e), 107 and 281(2)(d) of the Local Government Act 2002. In addition, Schedule 10(6) of the Act requires that the funding and financial policies in section 102 be included in the long-term council community plan.

In addition to the above, s.137 contains specific provisions about partnerships and joint ventures relating to "water services." These provisions are separate and additional to the policy above.