

# Policy on Partnerships with the Private Sector

## Purpose

Section 107 of the Local Government Act 2002 requires local authorities to adopt a “policy on partnerships with the private sector”.

This policy is intended to provide guidance if and when Clutha District Council (CDC) is considering entering into a partnership arrangement with the private sector, for example, to provide infrastructure or services. Such a partnership could involve the CDC only, or the CDC along with other local authorities.

Commitment of Council resources to any such partnership would usually be in the form of an investment, a loan, or a loan guarantee.

Note that this policy refers to partnerships with private business only. Partnership contracts for the supply of goods and service to the local authority, as well as agreements with community organisations, charitable trusts, other community groups, government departments, not-for-profit-organisations, other local authorities and council controlled organisations are outside the parameters of this policy. “Partnering” defined under contracts for services is also excluded from the definition of public private partnerships.

This policy is effective for the year commencing 1 July 2009.

## Policy

Council will consider partnerships with the private sector where:

- They contribute to achieving strategic objectives as outlined in the Long Term Council Community Plan (LTCCP) or Annual Plan (AP);
- The private sector is unwilling to provide sufficient resources for the achievement of those outcomes without Council support;
- The benefits to the district exceed the costs;
- Where the Council does not itself have the resources to undertake the project; or
- Any other matter the Council considers appropriate.

## Procedures

### PROCESS FOR DETERMINING WHETHER OR NOT COUNCIL WILL ENTER INTO A PARTNERSHIP

Council staff will gather all the necessary information, assess risk, determine monitoring and reporting requirements, and what consultation if any is needed. Staff will present their findings and recommendations for Council’s consideration.

**Any form of partnership will only be considered where it is clear that:**

- The outcomes of such an arrangement will further Council’s goals and objectives, as set out in the adopted LTCCP, and
- From the year commencing 1 July 2009, the outcomes of such an arrangement will further any community outcomes, as identified in the adopted LTCCP.

**Any agreement for partnership between council and the private sector must include the following conditions:**

- The private sector partner must agree to comply with any reporting requirements on progress required by Council.
- The private sector partner must agree to comply with any reporting requirements of a financial nature required by Council.
- The private sector partner must agree to any monitoring conditions required by Council.

The decision to enter into a partnership will be by Council resolution.

A partnership may be entered into by way of either a Letter of Understanding, or a formal partnership agreement, whichever is deemed appropriate by Council.

### INFORMATION REQUIREMENTS

The following information must be provided to council, before consideration can be given to entering into any commitment towards a partnership arrangement:

- Requests for funding or other resources must be supported by a business plan and/or budgets.
- Copy of Certificate of Incorporation, Trust Deed,

- Partnership Agreement, where appropriate.
- Copy of latest audited Financial Statements and/or Annual Report.
- Any other information Council may deem necessary.

that involves the allocation of Council funds and/or resources will be consulted on using the consultation procedures set out under sections 77, 78 and 79 of the Local Government Act 2002 and in accordance with Council's Policy on Significance. Where practicable, consultation on private sector partnerships will take place under the LTCCP or AP processes.

#### **RISK MANAGEMENT AND ASSESSMENT**

When considering setting up a partnership, Council staff will carry out an assessment outlining the potential risks to the Clutha District Council. This will be completed through review of all information received by the proposed partner, and through discussion and/or enquiry to any party that it chooses, in order to make such an assessment. The risk assessment will be documented and presented to Council for consideration.

#### **Risk factors considered will include:**

- Financial risk;
- Risk to the capacity of the CDC to carry out its other activities, now and in the future;
- Risk to property;
- Protection of any intellectual property; and
- Any other potential loss.

#### **MONITORING AND REPORTING**

Monitoring and reporting requirements will be as appropriate to the significance of the proposal and the amount of resources allocated to the partnership.

Reporting is required to cover both the performance of the partnership, and the extent to which community outcomes are being furthered as a result of the provision of funding and/or resources.

#### **Monitoring and reporting will include the following where applicable:**

- Council appointees on the Governing body;
- Six monthly financial reports;
- Six monthly reports on outputs produced;
- Annual financial reports;
- Annual performance reports;
- Reports on specifically agreed outcomes and objectives.

Monitoring will be undertaken in accordance with the terms of any Letter of Understanding or Agreement entered into.

#### **CONSULTATION**

Any proposal for a partnership with the private sector