

From: **Barbara Cooper - Corporate Director of Growth,
Environment & Transport**

To: **Mike Whiting, Cabinet Member for Economic Development**

Decision No: 20/00033

Subject: **Inward Investment Services – Award of Contract**

Classification: **Unrestricted**

Electoral Division: All

Summary: The current inward investment services contract with Locate in Kent expires in August 2020. It is proposed to extend the contract with Locate in Kent in accordance with Regulation 72(1) of the Public Contract Regulations 2015 and with Procurement Policy Note 1-20 (Response to Covid19) published by the Cabinet Office in March 2020.

Recommendation(s):

The Cabinet Member for Economic Development is asked to agree to extending the current inward investment services contract with Locate in Kent for the period 1 August 2020 to 31 July 2021.

1. Introduction

Kent County Council is seeking to extend the existing Inward Investment Services contract with Locate in Kent for the period 1 August 2020 to 31 July 2021. The current contract with Locate in Kent commenced in August 2016 and runs until 8 August 2020.

The existing contract was originally awarded for 3 years to August 2019 with an option to extend for a further 12 months. That extension has already been taken. The overall value of the current contract to August 2020 is £4,262,488.

2. Financial Implications

The expected total revenue cost of the contract extension from 1 August 2020 to 31 July 2021 is £1,060,000. There are no capital costs. This would be funded by KCC (£510,000), Medway Council (£70,000) and the European Structural and Investment Funds (ESIF) Growth Programme (£480,000) which is administered by the Ministry for Housing, Communities and Local Government (MHCLG).

KCC's financial contribution for 2020-1 is included within the GET Revenue Budget for 2020-21 (row 79) as agreed by County Council (February 2020). Medway Council's financial contribution has already been confirmed for the period 2020-23. ESIF funding to March 2023 was confirmed on 26 March 2020.

3. Policy Framework

The project supports KCC's Strategic Outcome 2 (Kent communities feel the benefits of economic growth by being in work, healthy and enjoying a good quality of life). It also supports the following themes that influence the achievement of Outcome 2 (Planning for Growth, Investing in our Infrastructure, Standing up for Kent and Smart Places).

The project is consistent with the emerging draft of Kent's Economic Recovery Plan, which recognises the need to support businesses in the return to growth including through focussed efforts on place marketing, sector specific support and supply chain development and support for innovation.

4. The Report – details of service to be provided and procurement process undertaken

The Inward Investment Service will deliver, alongside Kent County Council and Medway Council, specific outcomes that contribute to economic development in Kent and Medway. These are:

- More investment opportunities from overseas markets
- Increased supply chain benefits for local businesses
- More inward investment in Kent and Medway
- Raised profile as a destination for inward and foreign direct investment.

Since August 2016, the Inward Investment Service has been funded by Kent County Council, Medway Council and the European Structural and Investment Funds (ESIF) Growth Programme, which is administered by the Ministry for Housing, Communities and Local Government (MHCLG). In March 2020, MHCLG approved an application by Kent County Council for continued ESIF funding to support the Inward Investment Service for Kent and Medway to March 2023. Both KCC and Medway Council have already confirmed funding to March 2023.

A key condition of ESIF funding is that all service contracts are procured in accordance with the requirements of the Public Contracts Regulations (PCR) 2015. This means that the inward investment service would need to be re-procured so that a new contract could commence in August 2020.

The procurement process had already commenced in January 2020 with the publication of the Prior Information Notice. The intended procurement timeline for the new contract is set out below:

Stage	Timescale
Prior Information Notice	January 2020
Specification Development	October 2019 – February 2020
Tender and Contract Documentation	
OJEU Advert Placed	March 2020
Call for Competition and Selection Questionnaire	March 2020
Tender Issue	April 2020
Tender Return	May 2020
Tender Evaluation and Negotiations	May 2020

Contract Award	June 2020
Contract Mobilisation	June – July 2020
Contract Commences	August 2020

Following the Call for Competition in March 2020, the County Council received three expressions of interest from prospective providers. The Invitation to Tender was due to be issued in the first week of April. However, the Covid19 emergency has meant that KCC's procurement resources have been diverted towards supporting the procurement of health services and supplies associated with the pandemic. This has resulted in significant delays to the procurement process for the inward investment service, which has yet to resume.

The likelihood that procurement of the inward investment service would not be completed until much later in the year was brought to the attention of MHCLG in March 2020. At the request of MHCLG, the County Council commissioned Invicta Law to provide a legal opinion as to whether an extension to the current contract with Locate in Kent would be consistent with Regulation 72(1) of PCR 2015 and with Procurement Policy Note 1-20 (Response to Covid19) issued by the Cabinet Office in March 2020. Following the advice given by Invicta Law, on 30 April 2020 MHCLG agreed to allow an extension of 12 months, from August 2020, to the current contract with Locate in Kent. Medway Council has also confirmed its support for the proposed 12 months extension.

The original inward investment contract with Locate in Kent, for the 3-year period from August 2016, had targets of 4,800 new jobs and 120 successful projects involving a business investment, expansion or location decision. Included within those targets was a requirement, under the terms of the ESIF Grant Funding Agreement between KCC and MHCLG, for 350 validated new jobs and 45 SMEs each in receipt of a minimum of 12 hours of consultancy support from Locate in Kent.

Between August 2016 and July 2019, Locate in Kent provided specialised support to 126 SMEs, creating some 1,483 new jobs at a cost of £2,242 per job and safeguarding a further 1,877 jobs. Based on performance monitoring figures supplied by Locate in Kent to the end of July 2019, there was an active pipeline of a further 143 SMEs which could potentially deliver an additional 1,632 new jobs. Locate in Kent also supported 72 non-SMEs over the 3-year period, which resulted in a further 3,612 new jobs and 3,216 safeguarded jobs.

Locate in Kent also exceeded the targets agreed under the terms of the ESIF Grant Funding Agreement, at 369 new jobs and 54 supported SMEs respectively.

The existing contract with Locate in Kent was extended from August 2019 to July 2020, and has additional targets of 1,425 new jobs and 35 project successes. It is too soon to say whether those targets will be achieved, given the impact of Covid19 on the national and local economy.

The proposal to extend the contract with Locate in Kent for a further 12 months from 1 August 2020 to 31 July 2021, in accordance with Regulation 72(1) of the Public Contract Regulations 2015, will have additional targets of 1,400 new jobs from SMEs and non-SMEs and 50 successful projects. There will also be specific outputs for the

ESIF-funded part of the project to provide consultancy support to SMEs and to create new jobs, which are included within the overall 1,400 target.

5. Equalities, legal and data protection implications.

The extension to the existing inward investment services contract with Locate in Kent from 1 August 2020 to 31 July 2021 is consistent with the Public Contract Regulations 2015 and with Procurement Policy Note 1-20 (Response to Covid19).

An Equalities Impact Assessment has been undertaken for the inward investment service. No issues have been identified.

An early stage Data Protection Impact Assessment has been undertaken for the service. No issues have been identified although this will be kept under review as the project continues.

6. Conclusions

The service will aim to promote and raise the profile of Kent and Medway as a business location with the aim of attracting new investment from Kent, UK and overseas businesses, creating jobs and economic prosperity.

7. Recommendation

<p>The Cabinet Member for Economic Development is asked to agree to extending the current inward investment services contract with Locate in Kent for the period 1 August 2020 to 31 July 2021.</p>

8. Background Documents

GEDCCC 13 September 2019 – Inward Investment Services

9. Contact details

Report Author: David Hughes, Head of Business and Enterprise, GET Economic Development

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