

KENT COUNTY COUNCIL - RECORD OF DECISION

DECISION TAKEN BY

Paul Carter, Leader of the Council and Cabinet Member for Business Strategy, Audit and Transformation.

DECISION NO.

15/00037

For publication

With except appendices – under paragraph 3 of schedule 12a of the Local Government Act 1972

Subject:

Formal approval of Investment Advisory Board to the Expansion East Kent Fund

Company Background:

A highly successful Sydney based company founded in 1983 and employing over 280 staff were looking to locate a facility outside of Australia to set up a Sales & Distribution and Service Centre (phase 1) and manufacturing facilities and a R&D site (phase 2). They had identified their customer distribution consisted of 90% in the Northern Hemisphere and 40% in Europe therefore wish to expand operations beyond Australia. They initially considered setting up in USA either Boston or California but on hearing of the opportunities and benefits associated with the UK diverted their attention to East Kent and Discovery Park.

The opportunity to set up a Sales & Distribution and Service Centre in Discovery Park formed an attractive and affordable proposition, so financed solely by the Sydney based (parent) company, the UK company was formed. In November 2013 leased accommodation was secured in Discovery Park but in early 2014 the company were made aware of the opportunity to purchase the building and additional land adjacent to the current facility. The overall expansion plan consisted of establishing a manufacturing and R& D provision in the UK and would cost £5million. The company applied to the Expansion East Kent Scheme for a grant (£311,000) and loan (£1m) as a contribution to the project costs. The company demonstrated the huge benefits and impact to the East Kent area not only by creating 40 highly skilled job opportunities but their long term commitment to remain in East Kent by becoming a land owner and to reinvest profits back into R&D activities. This would not only have an indirect impact on other unique technology businesses as suppliers to the company but also act as a catalyst for attracting other similar technology businesses to the area.

The forming of the UK company is part of the group's (3 business units) long term strategy for worldwide delivery to align the market activity for its unique technologies for both the Biocells (stem cell research and development) and Biomedx (IVF Products and technology) businesses. The company are at the forefront of offering patients the best diagnostics tests available and R& D is critical to the long term success of the business. The project presented to the Investment Advisory Board has the potential to produce a turnover of £20m and offer other long term benefits including expansion in specific therapies, creation of a world hub, patent transfers and significant impact to local supply chains.

Decision Background:

The company's application to the Expansion East Kent fund and supporting documentation has been subject to an independent appraisal from PwC. The PwC Appraisal Report (see - appendix 2) was considered by the Investment Advisory Board (IAB) on 4th June 2014. The PwC appraisal report provides information on issues associated with the proposal and allocates a rating (RAG) to the issue. It is important to note PwC can only provide a desk top analysis and will list an issue as RED due to the lack of information or clarity of the information provided. Often it is the personal presentation made to the IAB that clarifies any assumptions made and addresses outstanding

issues. The Risk Identification and action table (see appendix 3) provides full details of issues identified and actions taken to resolve or mitigate issues.

As recommended by the IAB approval of the loan and grant are subject to the conditions detailed in the Exempt report and these conditions form part of the legally binding agreements issued to the company. The conditions imposed on the company prior to the release of funds are as follows:

- 1) A first charge to be registered on the property.
- 2) A Parent company guarantee to be provided.
- 3) The proposed repayment period to be reduced to 5 years.
- 4) Confirmation from KCC officers confirming the loan offered falls within the State Aid threshold.

The negotiations undertaken with the company, the parent company and legal representatives in order to fulfil the conditions set out above have been lengthy. All the legal documentation has now been finalised to the satisfaction of all parties. KCC are in the position to release funds subject to the Leader's approval to implement the recommendation of the Investment Advisory Board.

The loan and grant is considered to meet the criteria for approval and as such will support sustainable job creation, primarily in Dover, but also in other parts of East Kent.

Decision:

As Leader and Cabinet Member for Business Strategy, Audit and Transformation, I agree to implement the recommendation of the Investment Advisory Board (IAB) for the Expansion East Kent fund and approve the loan and grant of £1,311,000 to the company as set out in both the cover and the exempt reports.

Reason(s) for decision:

In order that the recommendations of the Investment Advisory Board can be implemented and the objectives of the loan realised.

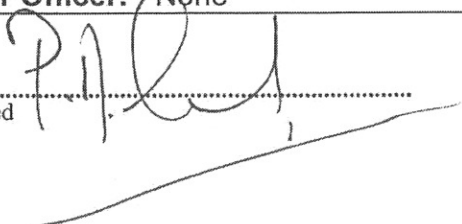
Cabinet Committee recommendations and other consultation:

This decision is taken in accordance with statutory and local procedures in the Local Authorities (Executive Arrangements), (Meetings and Access to Information) Regulations 2012 and the Councils Constitution.

Any alternatives considered:

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer: None

signed



Date

24/11/15

FOR LEGAL AND DEMOCRATIC SERVICES USE ONLY