

By: Mark Dance, Cabinet Member for Economic Development
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To: Growth, Economic Development and Communities Cabinet Committee –
21 November 2017

Subject: Inward Investment Services - Contract Extension (SS1560)

Key Decision: No

Classification: Unrestricted

Past Pathway of Paper: None

Future Pathway of Paper: For decision by the Leader

Electoral Division: All Electoral Divisions

Summary: The inward investment services contract with Locate in Kent (LIK) was awarded by the County Council in August 2016 following an OJEU compliant process. The three year contract runs until August 2019; under the terms of the contract, this can be extended by a further 12 months.

Following the recent resignation of its chief executive, the board of Locate in Kent has asked if the County Council would agree to an extension to its current contract to August 2020. This would enable Locate in Kent to undertake a recruitment process now to attract potential high-calibre candidates with the prospect of a minimum two year contract.

Recommendation: The Cabinet Committee is asked to consider and endorse, or to make recommendations to the Leader of the Council on the proposed decision to extend the inward investment services contract with Locate in Kent for a further twelve months to August 2020.

1. Introduction

- 1.1** The inward investment services contract with Locate in Kent (LIK) was awarded by the County Council in August 2016 following an OJEU compliant process. The current three year contract runs until August 2019; under the terms of the contract, this can be extended by a further 12 months.
- 1.2** The annual value of the contract is £1.1m funded by contributions from KCC (£511,000), Medway Council (£70,000) and the European Structural Investment Framework (£527,000), which is administered by the Department for Communities and Local Government (DCLG).

2. Main features of contract with Locate in Kent

- 2.1** Since the new contract started in August 2016, Locate in Kent has undertaken an in-depth review of its delivery capacity and capability. This has resulted in a thorough overhaul of the organisation, a restructuring that saw the departure of a number of staff and the subsequent recruitment of additional staff with specialist sector-based, marketing and business development skills. Locate in Kent has also strengthened significantly its links with other business support organisations in the county, and with the Medway and the Kent district councils as well as the inward investment teams at the Department for International Trade.
- 2.2** The contract requires Locate in Kent to deliver 120 new job-creating projects over three years. Contract progress is reviewed monthly with Locate in Kent, and up to the end of September 2017 there were 61 successful new projects (exceeding the cumulative target projection by 14 projects and accounting for 51% of the three year target by the end of year one). These projects will create 1,879 new jobs over the period to August 2019 which is a 39% achievement on the three year target of 4,800 new jobs. There is also a pipeline of potential new projects which, if successful, will deliver 3,000 additional new jobs.
- 2.3** Under the terms of its funding agreement with DCLG, the County Council submits quarterly monitoring reports which provide regular statements about progress against agreed outputs, which are consistent with the targets set out in the contract between KCC and Locate in Kent. Officers have had favourable feedback from DCLG about the performance of the inward investment services provided by Locate in Kent.

3. Looking to the future

- 3.1** Locate in Kent is well placed to make an increasingly significant contribution to the future economic development of Kent and Medway because it focuses on delivering new jobs which would otherwise be lost to the County. Furthermore, officers are currently in discussion with DCLG about the possibility of securing a funding extension, potentially for up to two years, under the European Structural Investment Framework. We hope to be clearer about this early next year.
- 3.2** Following the recent resignation of its chief executive, the board of Locate in Kent has indicated that it wishes to undertake a recruitment process as soon as possible so that a new chief executive can be in post by spring 2018. In order to be able to attract the best possible candidates with the prospect of a minimum two year contract, the board has asked if the County Council would agree to an extension, now, to its current inward investment services contract to August 2020.

4. Financial implications

- 4.1** The value of the County Council's new inward investment services contract with Locate in Kent for the period August 2016 to August 2019 is £1,108,443 per annum. One year's extension, from August 2019 to August 2020, would cost £511,000 and this is included in the draft MTFP.
- 4.2** Medway Council has indicated it would support an extension of its contribution for another year. Currently, because of uncertainties about the future of European

funding, it is not possible to say definitively what the DCLG/EU contribution to the inward investment contract would be if it was extended beyond August 2019 but we anticipate renewal funding at the current rate (£527,000 pa).

5. Legal implications

- 5.1** An extension of the contract is envisaged under the terms of the current contract and would be implemented by KCC Procurement Team.
- 5.2** It is proposed that the contract extension would be signed by the Corporate Director for Growth, Environment and Transport under Officers' Delegated Powers.

6. Equalities implications

- 6.1** In accordance with the current inward investment services contract, the extended contract with Locate in Kent would contain provisions for ensuring that the County Council's equalities and diversity policies are adhered to. Locate in Kent has its own equalities and diversity standards which are consistent with those of the County Council.

7. Conclusion

- 7.1** This report shows that Locate in Kent continues to make an increasingly significant contribution to the economic development of Kent and Medway. With the resignation of its current chief executive, and to enable Locate in Kent to attract the best possible candidate with the prospect of a minimum two year contract, an extension to the current inward investment contract to August 2020 would help to maintain the momentum that has been achieved over the past year.

8. Recommendation

The Cabinet Committee is asked to consider and endorse, or make recommendations to the Leader of the Council on the proposed decision to extend the inward investment services contract with Locate in Kent for a further twelve months to August 2020.

Background Documents - None

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