

KENT COUNTY COUNCIL – RECORD OF DECISION

DECISION TAKEN BY

Mike Whitting

Cabinet Member for Economic Development

DECISION NO:

20/00033

For publication

Key decision*

Yes –

Subject: Inward Investment Contract Extension

Decision:

As Cabinet Member for Economic Development, I agree to extending the current inward investment services contract with Locate in Kent for the period 1 August 202 to 31 July 2021.

Reason(s) for decision:

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. 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.

Cabinet Committee recommendations and other consultation:

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.

Cabinet Committee Members were engaged informally via email in advance of this proposed decision being published and all comments received were duly considered by the Cabinet Member as part of their decision-making.

Any alternatives considered:

- **Doing nothing.** This would mean having no further external service commission after the cessation of the current contract with Locate in Kent, and no in-house provision within KCC. This would provide significant financial savings to KCC. However, because there is currently no comparable business support service in Kent and Medway, this would result in a failure to capitalise on opportunities for growth in the local economy and job creation. It would also result in loss of funding support from Medway Council and the ESIF Growth Programme.
- **Option 1 – Do minimum.** This would mean establishing for the first time a bespoke, outward-facing business support service based in KCC. Although currently KCC does not have the expertise in-house to provide the specialised, face-to-face support that businesses want, this would potentially deliver cost savings to the County Council. However, it is unlikely to attract financial support from Medway Council, the ESIF programme and the private sector. There would also be TUPE implications of transferring staff from the current supplier to KCC.
- **Option 2 – Preferred option.** This is to extend the contract for 12 months from 1 August in line with PCR 2015 Regulation 72(1), ceasing the current procurement process until early 2021 and allowing up to six months to re-tender with adequate mobilisation periods should the existing supplier change. Prospective suppliers who have submitted Selection Questionnaires will be formally notified by KCC's Strategic Commissioning team about the halt in the procurement process due to the Covid19 pandemic. They will be advised as to the revised indicative procurement timescales and contacted when the new advert is published. The award of a new contract for the period August 2021 to March 2023 will require a Key Decision.

Any interest declared when the decision was taken and any dispensation granted by the Proper Officer:

None

Signed: **Mike Whiting**

Dated **1 July 2020**