

**By:** Mark Dance, Cabinet Member for Economic Development and Regeneration

Barbara Cooper, Director for Economic and Spatial Development

**To:** Economic Development Cabinet Committee  
8<sup>th</sup> November 2012

**Subject:** Visit Kent and Locate in Kent Service Level Agreements

**Classification:** Unrestricted

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## **1. Background**

- 1.1 Locate in Kent (LIK) and Visit Kent (VK) are companies established by KCC as an investment promotion agency and a tourism promotion agency respectively.
- 1.2. KCC currently has in place formal three-year Service Level Agreements (SLAs) with both organisations, which are due to expire in March 2013. Both SLAs contain a clause within them requiring KCC to re-negotiate renewed agreements with each organisation, for a further period, in the case of Visit Kent this is stipulated as a period of three years.
- 1.3. KCC is a major funder of both organisations. Forecast service charges for LIK for the current three-year SLA are around £2.2m. Estimated forecast service charges for VK are around £1.8m.
- 1.4. The SLA renewals present KCC with an opportunity to negotiate new service charges, changes to services and new performance standards with each organisation.
- 1.5. The renewal of the SLAs is contained within the Economic Development Business Plan for 2012/13. However, it will still require a key decision, as KCC is likely to be committing future revenue expenditure in excess of £1m.

## **2. Current performance**

- 2.1. Both Visit Kent (VK) and Locate in Kent (LIK) have track records of success. Visit Kent is a recognised premier marketing agency or Destination Marketing Organisation (DMO) that promotes Kent as a visitor destination and provides support to the Kent and Medway tourism industry. This industry contributes £3.2 billion to the local economy and supports over 3,000 SMEs and 63,600 jobs. Since its inception LIK has assisted 790 companies to expand or relocate to Kent, helping to create over 27,900 new local jobs.
- 2.2. This strong performance is reflected in the headline performance indicators and outturn for 2010/11 and 2011/12 for LiK and VK below:

<b>Headline Indicator</b>	<b>2010/11</b>	<b>2011/12</b>
Annually create 3,100 gross jobs through support provided by Locate in Kent	2,588	3,243
Annually create £10m worth of income into the economy through marketing campaigns (Visit Kent)	£18.7m	£26.3m

### **3. Options**

- 3.1. To ensure that re-negotiating SLAs with the existing organisations represents the best approach for KCC, officers have undertaken an options appraisal on alternatives to re-negotiation including: providing the services in-house, undertaking a competitive tendering process and discontinuing the services.
- 3.2. The appraisal found that the existing organisations have a proven successful record of delivery against key KCC economic objectives and represent strong partnership development with the private and public sector that would be difficult to replicate in the short term. The alternative options were found to carry significant potential financial risk/loss of leverage and/or reputational risk for KCC, which outweighed the potential benefits they might bring.
- 3.3. The preferred option is therefore to re-negotiate and renew the SLAs with Visit Kent and Locate in Kent.

### **4. Performance Standards**

- 4.1. As part of re-negotiating the SLAs, there is an opportunity to develop new performance standards with both organisations to reflect how they support KCC's key priorities for economic growth.
- 4.2. KCC will work with both organisations to develop measures that reflect their contributions towards job creation/safeguarding, skills support and development, support to local businesses and financial leverage.
- 4.3. Additional measures for Visit Kent will reflect their role in promoting and marketing Kent as a tourist destination. This could include capturing the economic impact of tourism on Kent; return on investment for marketing campaigns; visitor satisfaction with Kent and perception/awareness of Kent as a visitor destination. Where possible this will make use of independent surveys and statistics captured by organisations including Visit England, to enable wider comparisons.
- 4.4. Additional measures for Locate in Kent will reflect their role in supporting businesses to locate or remain in Kent. They will build on and enhance the current wider performance framework that looks at performance relating to the sectors, location and skill levels of the jobs created or secured. They will also relate to the after care support provided by Locate in Kent, and the satisfaction of companies they work with.
- 4.5. KCC will also explore options to maximise the benefit to the organisation from the SLAs and consider how KCC could better use the expertise within, and the intelligence available to each organisation, particularly in relation to individual business engagement, to support wider economic growth objectives.

## **5. Next Steps**

- 5.1. Subject to agreement by Economic Development Cabinet Committee (EDCC), contract negotiations will be undertaken between KCC and Visit Kent and Locate in Kent to develop new three-year SLAs, covering the period April 2013 to March 2016.
- 5.2. Drafts of the new SLAs will be brought back to EDCC in January 2013 for endorsement.

## **6. Recommendations**

- 6.1 Members of Economic Development Cabinet Committee are asked to:
  - 1) Comment on the priorities for the new SLAs for Visit Kent and Locate in Kent as outlined in paragraph 4, and note the timetable set out in paragraph 5.

### **Author Contact Details:**

Name: Jo Purvis  
Officer Title: Housing Strategy Manager  
Directorate: Enterprise & Environment

Email: [jo.purvis@kent.gov.uk](mailto:jo.purvis@kent.gov.uk)  
Tel: 01622 696937

Name: Wayne Gough  
Officer Title: Economic Development Manager  
Directorate: Enterprise & Environment

Email: [wayne.gough@kent.gov.uk](mailto:wayne.gough@kent.gov.uk)  
Tel: 01622 221960

### **Background Documents:**

None