

By: Mark Dance, Cabinet Member for Regeneration and Economic Development
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To: Economic Development Cabinet Committee – 6th March 2013

Subject: Proposed Extension to Service Level Agreements for Visit Kent and Locate in Kent for the period April 2013 – March 2014

Classification: Unrestricted

Summary:

KCC currently operates three-year Service Level Agreements with Locate in Kent and Visit Kent which expire on 31st March 2013. To reflect their changing and independent nature, KCC needs to reconsider its approach to funding these organisations. Whilst this consideration is underway, the existing agreements will be extended for 1 year for the period April 2013-2014.

Members are asked to NOTE the proposed extension to the existing Service Level Agreements.

1. Background

- 1.1 Locate in Kent (LIK) was established as an investment promotion agency by KCC in 1997, whilst Visit Kent (VK) was established by KCC as a tourism promotion agency in 2003.
- 1.2 KCC currently has in place a formal three-year Service Level Agreement (SLA) with Visit Kent, which is due to expire in March 2013. A similar agreement exists with Locate in Kent.
- 1.3 To reflect the successful growth and development of both VK and LIK as independent strategically important organisations, KCC needs to reconsider the most appropriate method to continue to fund these organisations into the future. To ensure that VK and LIK do not suffer sudden financial loss whilst KCC reconsiders its position, the existing SLAs will be renewed for a period of 1 year.
- 1.4 KCC is a major funder of VK and estimated expenditure transferred to VK through the SLA for 2013/14 is £339K.
- 1.5 KCC is the major funder of LIK, and the estimated total expenditure

during 2013/14 is £750K.

- 1.6 The funding agreements are contained within the Economic Development Business Plan for 2012/13.

2. SLA Extension

- 2.1 Since their inception in 2003 and 1997, Visit Kent (VK) and Locate in Kent (LIK) have successfully grown as private and independent organisations and proved themselves to be of strategic importance to growing the visitor economy of Kent and attracting inward investment into Kent respectively. Both organisations have private/public sector Boards and are not for profit bodies. Both organisations have gained a significant number of private sector members to support their work and we expect this to increase as the organisations continue to grow.
- 2.2 As a result of this, and changes in procurement law, KCC needs to carefully consider the most appropriate way to formalise our approach to funding VK and LIK to enable us to continue to support them into the future.
- 2.3 Discussions have been held with legal and procurement advisors regarding options and a need has arisen to seek further advice from the Department for Business, Innovation and Skills to understand our position.
- 2.4 The existing SLAs are due to expire on 31st March 2013. It is expected that we will not be in a position to confirm and implement our approach to funding by the time these agreements expire. To ensure that VK and LIK do not suffer finance loss during this period, the existing agreements will be extended for 1 year. This will enable new detailed arrangements to be developed in time to begin in April 2014. Targets for the extended period are included at Appendix 1.

3. Next Steps

- 3.1 Further discussions will take place with Department for Business, Innovation and Skills and legal and procurement advisors.
- 3.2 The outcomes of these discussions and a proposed way forward will be brought back to the Committee for consideration in due course.

4. Recommendations

- 4.1 Members of the Economic Cabinet Committee are asked to NOTE and DISCUSS the extension of the existing Service Level Agreements for 1 year, whilst KCC establishes the most appropriate method for supporting these organisations in the future.

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Background documents: Appendix 1