

From: Derek Murphy, Cabinet Member for Economic Development
Simon Jones, Corporate Director for Growth, Environment and Transport

To: Growth, Economic Development and Communities Cabinet Committee – 6 March 2025

Subject: Update on Inward Investment and Visitor Economy commissioned services for Kent & Medway

Classification: Unrestricted

Past Pathway of report: N/A

Future Pathway of report: N/A

Electoral Division: All

Summary: This paper provides a progress update on the Inward Investment and Visitor Economy services in Kent & Medway since these were re-commissioned in 2024.

Recommendation(s):

The Growth, Economic Development & Communities Cabinet Committee is asked to note the contents of the report.

1. Context

- 1.1 Many areas across the UK have inward investment services and Destination Management Organisations in place to ensure that there are dedicated services to maximise external investment, secure visitor spend and boost the local economy through supporting businesses and creating jobs.
- 1.2 Contractual arrangements for these services in Kent ended in June 2024 and a procurement process was carried out last year to enable them to continue. While the original intention was to combine the services into a single commission, the procurement process was unsuccessful in securing a single provider or consortium who could deliver all elements required in the contract. Locate in Kent (LiK) and Visit Kent (VK), whose bids were very strong in their specialist areas, were re-appointed as separate service providers until 31 March 2026.
- 1.3 Both the visitor economy and inward investment services are highly valued by partners and stakeholders across the county and deliver against a number of strategic objectives, in particular those set out in the Kent & Medway Economic Framework. The services play a crucial role in attracting external investment and external visitors to the county and ensuring that the county's assets and offer are recognised elsewhere in the UK and internationally.

- 1.4 Given the financial challenges faced by Kent County Council (KCC) and Medway Council (MC), the overall value of the contracts compared to previous years was significantly reduced for 2024-26. Coupled with the recent loss of European Union funding that both organisations had accessed for many years, the services have seen an overall reduction in funding of around 75% in the last few years. This has inevitable led to a reduction in the range and scope of the services provided. The current combined value of the KCC contracts equates to £500,000 per annum including a £50,000 per annum contribution from MC. VK will receive £265,500 over the life of the current 21-month contract and LiK, £542,500.
- 1.5 Nevertheless, both organisations are now delivering important activities under their contracts and this paper provides an update on these. Detailed presentations from VK and LiK's CEOs were given and will be given at the January and March 2025 Growth, Economic Development and Communities Cabinet Committee meetings respectively, so this report does not therefore cover the full range of activities being undertaken.

2. Current Arrangements:

- 2.1 VK's role remains to promote Kent & Medway's visitor economy offer and provide support to businesses in the leisure and tourism sector. These businesses continue to face several challenges so the role of VK in promoting their combined offer and helping them with guidance and advice is vital.
- 2.2 LiK's role continues to focus on attracting inward investment to Kent & Medway from overseas and the rest of the UK. The team provides support to companies looking to establish a base or expand into the county creating jobs and boosting the local economy. In a competitive investment market, LiK promotes Kent & Medway's strengths and assets to potential investors while working with local partners and stakeholders to ensure that investors that choose the county are well supported.
- 2.3 The tables below show the contracted activity that is currently being delivered as well as areas of activity that are not currently able to be covered for financial reasons, but which could be undertaken should suitable sources of funding be identified in future:

Visitor Economy contracted activity 2024-26	Visitor Economy activity that cannot currently be supported
<ul style="list-style-type: none"> • Support for visitor economy businesses (training, networking, 1:1 advice, resources, marketing campaigns etc.) • Securing new out of county tour operator itineraries • Supporting an increase in overnight visitor stays (engaging with tour operators, marketing support for accommodation partners etc.) • Increasing visitor numbers and spend (destination marketing campaigns, 	<ul style="list-style-type: none"> • 'Hyper local' activity including Kent resident research • Sustainable tourism activity and implementation of the Kent sustainable tourism action plan. • Destination Kent presence at flagship travel exhibition World Travel Market • Relocation / remote working campaigns • Hotel investment activity including attendance at the Annual Hotel Conference

<ul style="list-style-type: none"> product development) Supporting job creation in the sector (support for start-ups and diversification) 	<ul style="list-style-type: none"> Brand Kent place marketing and network development activity
<p>Visitor Economy Key Performance Indicators for 2024 - 2026:</p> <ul style="list-style-type: none"> 5% annual increase in visitor numbers (2023 baseline 65,995,900 visitors) and spend (2023 baseline £4,081,351,000) in the County 5% annual increase in overnight visitor stays within the County (Baseline 2023: 4,483,900) 400 Visitor Economy Businesses supported and promoted. Secure new out of county tour operator itineraries in Kent & Medway, evidenced by the number of meetings and/or engagements with the travel trade (100) 5% increase in jobs in the visitor economy sector Kent & Medway (Baseline 2023: 77,854) 	

2.4 Recent reporting from Visit Kent confirms that 60 million visitors come to Kent each year which equates to £4.1 billion of spend in the county (just 2% less than 2019 pre-pandemic spend). Tourism continues to play a vital role in the Kent economy, now accounting for 11% of total employment, up from 10% in 2022. The sector supports 77,854 jobs, showing a 5% increase compared to 2022. From October to December 2024, VK reported:

- 305 visitor economy businesses supported and promoted
- 68 new out of county tour operator itineraries in Kent & Medway
- Two familiarisation trips in partnership with VisitBritain, welcoming 10 agents from Air Canada and 10 agents from Avoris Travel, the biggest travel wholesaler in Spain.
- 530,000 social media impressions from the “It’s in our Nature” campaign

Figures on visitor economy jobs, overnight stays and the value of the visitor economy are due to be reported in December 2025 when data becomes available.

Inward Investment contracted activity 2024-26	Inward Investment activity that cannot currently be supported
<ul style="list-style-type: none"> Data-led digital marketing, PR and targeted outreach activity A direct outreach (lead generation) programme Investment pipeline development and monitoring Maintaining and promoting a commercial property portal and advisory service. Encouraging investment in co-working and flexible workspace Delivering a Corporate Partner Programme Providing a basic soft-landing package Participating in key ‘high return’ events 	<ul style="list-style-type: none"> Reduced ‘new to Kent’ targets and inward investment pipeline International Marketing Campaigns (Stand at) Annual Hotels Conference International lead generation visits Continued financial sponsorship of Kent Property Market Report Sector specific events and exhibitions Full ‘soft-landing’ package Investor Retention Programme Co-working collective - bringing together serviced office and flexible workspace providers. Appointing in-market agents

- Working closely with the Department for Business & Trade, local partners and stakeholders

Inward Investment Key Performance Indicators:

- Maintaining an investment pipeline of 100 active projects
- 20 Inward investment projects secured from ‘new to county’ businesses (international and domestic).
- 23 Grow-on space investment projects secured to retain existing businesses in the county.
- 750 New jobs created in Kent & Medway from ‘new to county’ companies
- 583 Jobs retained in Kent & Medway from firms supported to remain in the county.
- An increase of 117 in the number of Kent & Medway residents working remotely in the county in skilled roles for companies located outside the county (new metric for 2024-25 with data to be captured to establish baseline for comparison in future years)

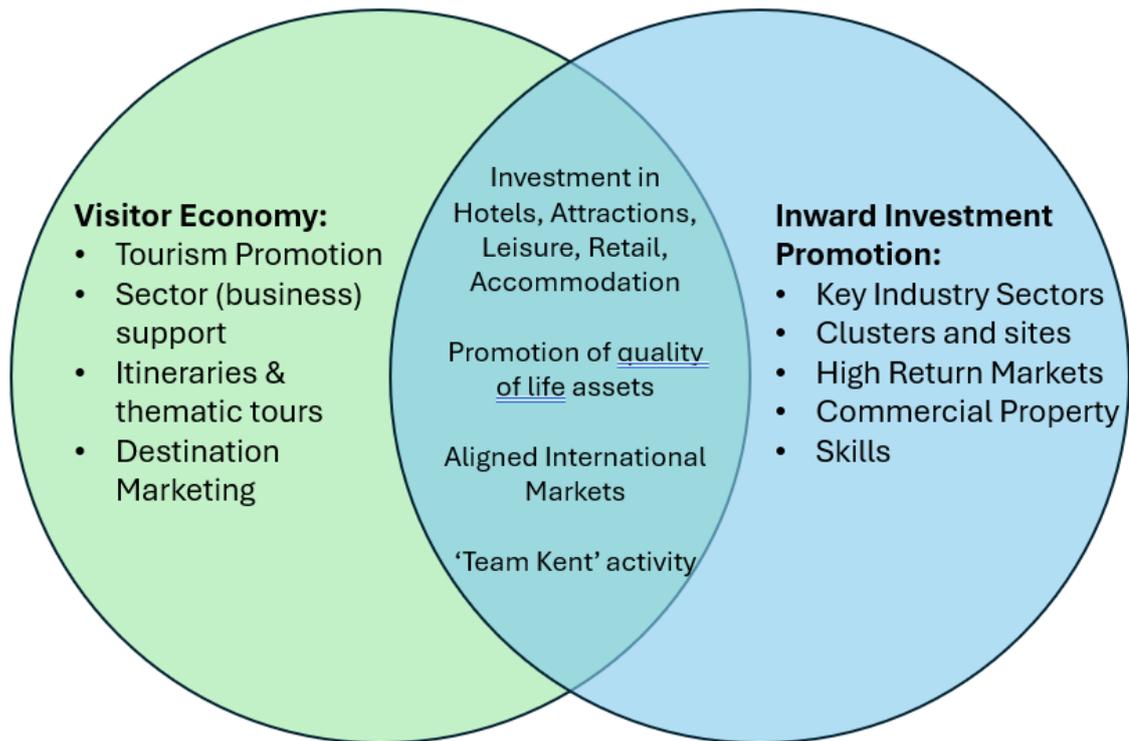
2.5 Since July 2024, LiK has so far reported 32 leads generated, 8 inward investment projects completed, 130 new jobs created, 41 jobs safeguarded, (of which 7 grow-on space investment projects), 243 enquiries on the commercial property portal and an online marketing reach of 333,343 people. As at February 2025, LiK is working with a pipeline of 230 companies.

3. Service Alignment

3.1 Although both services are operating under separate contracts, KCC and MC are meeting regularly with both organisations to continue to seek and implement opportunities for closer working. Both VK and LiK are open to joint working to maximise efforts to jointly identify opportunities to promote the county to potential investors and visitor economy stakeholders.

3.2 The target audiences for many of the Visitor Economy and Inward Investment services are very different but there are several areas where the two services could work together or support each other (subject to resources being identified) as shown in the diagram below. These include:

- **‘Team Kent’:** Supporting a wider piece of work led by KCC’s Economy Team which seeks to better understand, highlight and promote the county’s assets to audiences outside the county (economic, industrial, heritage, leisure, natural environment, connectivity etc.).
- **Joint Investment opportunities in the visitor and leisure economy:** Jointly promoting opportunities to invest in business activities that support the visitor and leisure economy e.g. conferencing, hotel accommodation and sports & leisure facilities.
- **Quality of Life:** Ensuring that the high quality of life provided by access to the natural environment and the county’s heritage assets already promoted by VK, features heavily in investment promotion activity led by LiK.
- **Target International Marketing:** Developing joint workstreams to promote investment and visitor economy opportunities in selected international markets that offer potential for both areas e.g. joint Kent stands at relevant industry events supported by marketing campaigns that target investors.



4. Future Arrangements:

4.1 While recognising that KCC continues to face significant financial challenges, work needs to commence shortly to plan for arrangements after March 2026. This will involve a review of achievements to date for both commissions and discussions with relevant stakeholders to shape what the requirements will be for an inward investment and visitor economy service in future (considering any changes that may be required in the context of Devolution and Local Government Reform as appropriate). A procurement process will need to commence in the summer 2025 to ensure no break in service after March 2026.

5. Financial Implications

5.1 The value of the current contract equates to a £450,000 per annum contribution from KCC and £50,000 from Medway Council for 2024-25. This represents a £250,000 reduction per annum from KCC from the 2023-24 financial year.

5.2 Both services currently secure additional investment to support their operations including contributions from local businesses (housing developers, passenger carriers, tourism attractions etc.) which contribute on the basis that KCC and MC support the services. These contributions and other potential sources of external funding are essential for the longer-term continuation of the services.

6. Legal implications

6.1 There are no direct legal implications for KCC to consider in relation to the delivery of the current contracts.

7. Equalities implications

- 7.1 KCC continues to work closely with both suppliers to capture and monitor equalities data to ensure that the services are accessible to people with protected characteristics in line with public sector equalities duties.

8. Conclusions

- 8.1 Despite recent reductions in resourcing, Locate in Kent and Visit Kent continue to provide a range of vital services to promote investment and business opportunities in the county and highlight Kent & Medway's visitor economy assets externally. Without these services many of the economic benefits for Kent & Medway would be lost with investment and visitor spend benefitting other parts of the UK instead.

9. Recommendation:

The Growth, Economic Development & Communities Cabinet Committee is asked to note the contents of the report.

10. Contact details

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